

2

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2019-20)**

SEVENTEENTH LOK SABHA

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**DEMANDS FOR GRANTS
(2019-20)**

SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2019/ Agrahayana 1941 (Saka)

(i)

SECOND REPORT

**STANDING COMMITTEE ON FOOD, CONSUMER
AFFAIRS AND PUBLIC DISTRIBUTION (2019-20)**

(SEVENTEENTH LOK SABHA)

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**DEMANDS FOR GRANTS
(2019-20)**

**Presented to Lok Sabha on 10.12.2019
Laid in Rajya Sabha on 10.12.2019**



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2019/ Agrahayana 1941 (Saka)

CONTENTS

COMPOSITION OF THE COMMITTEE.....

INTRODUCTION.....

REPORT

- Chapter I** Implementation of the Committee's recommendations
- Chapter II** Introductory.....
- Chapter III** **General Performance of the Department**
- Chapter IV** **Management of Food**
- (a) Procurement of foodgrains and Decentralised Procurement
 - (b) Food Subsidy
 - (c) Public Distribution System(PDS)
 - (i) TPDS- National Food Security Act, 2013 & National Portability of Ration Card Beneficiaries
 - (ii) Deletion of Bogus Ration Cards
 - (iii) Leakages/Diversion of Foodgrains
- Chapter V** **Food Corporation of India (FCI)**
- (a) Dues and Liabilities of FCI
 - (b) Storage – covered and open alongwith utilization status
 - (c) Construction of Storage Godowns
 - (d) Storage and Transit Losses
- Chapter VI** **Management of Sugar**
- (a) Production of Sugar
 - (b) Sugar Development Fund
 - (c) Buffer Stock of Sugar
 - (d) Cane Price Arrears

APPENDIX

- I Minutes of the sitting of the Committee held on 22 October, 2019
- II Minutes of the sitting of the Committee held on 5 December, 2019

Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2019-20) :-

Shri Sudip Bandyopadhyay, Chairperson

Lok Sabha

2. Shri Karadi Sanganna Amarappa
3. Shri C. N. Annadurai
4. Shri Girish Bhalchandra Bapat
5. Shri G. S. Basavaraj
6. Ms. Pratima Bhoumik
7. Smt. Pramila Bisoyi
8. Shri Anil Firojiya
9. Shri Rajendra Dhedya Gavit
10. Shri Bhagwant Mann
11. Shri Khagen Murmu
12. Shri Mitesh Rameshbhai (Bakabhai) Patel
13. Shri Subrat Pathak
14. Shri Manne Srinivas Reddy
15. Dr. Sanjeev Kumar Singari
16. Smt. Himadri Singh
17. Smt. Kavita Singh
18. Shri Ajay Misra Teni
19. Shri Saptagiri Ulaka
20. Shri Rajmohan Unnithan
21. Shri Ve.Vaithilingam

Rajya Sabha

22. Smt. Shanta Chhetri
23. Shri K. G. Kenye
24. Smt. M. C. Mary Kom
25. Shri Rajmani Patel
26. Shri Sakaldeep Rajbhar
27. Dr. Anbumani Ramadoss
28. Shri Amar Shankar Sable
29. Shri Veer Singh
30. Shri K.T.S. Tulsi
31. Vacant

LOK SABHA SECRETARIAT

- | | | |
|----------------------------------|---|---------------------|
| 1. Shri Pawan Kumar | - | Joint Secretary |
| 2. Shri Lovekesh Kumar Sharma | - | Director |
| 3. Shri Khakhai Zou | - | Additional Director |
| 4. Smt. Darshana Gulati Khanduja | - | Executive Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2019-20) having been authorized by the Committee, present on their behalf, this Second Report (Seventeenth Lok Sabha) on Demands for Grants (2019-20) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee examined/scrutinized the detailed Demands for Grants (2019-20) of the Ministry, which were laid on the Table of the House on 16 July, 2019. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 22 October, 2019.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2019-20).

4. The Report was considered and adopted by the Committee at their sitting held on 5 December, 2019.

5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in thick type in the body of the Report.

**NEW DELHI;
5 December, 2019
14 Agrahayana 1941 (Saka)**

**SUDIP BANDYOPADHYAY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.**

CHAPTER – I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The Twentieth Report (Sixteenth Lok Sabha) of the Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2018-19) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) was presented to Lok Sabha on 9 March, 2018 and laid on the Table of Rajya Sabha the same day. The Report contained 13 Observations/Recommendations.

1.2 The Minister concerned is required to make a Statement under Direction 73-A of Directions by the Speaker, Lok Sabha about the status of implementation of Recommendations contained in the Original Report of the Committee within six months of presentation of Report to the Parliament. Statement under Direction 73-A in the context of the Twentieth Report (Sixteenth Lok Sabha) was made by the Minister of Consumer Affairs, Food and Public Distribution on 07.08.2018 in Lok Sabha and 03.08.2018 in Rajya Sabha.

1.3 On the basis of the Action Taken Notes received on 13 June, 2018 from the Department of Food and Public Distribution in respect of the Twentieth Report (Sixteenth Lok Sabha), the Committee presented the Action Taken Report to the Parliament on 06.08.2018. The Committee commented on the Action Taken Notes furnished by the Department at Para Nos. 1.7, 1.10, 1.13, 1.16, 1.19., 1.22, 1.25 and 1.28 of the Twenty-Second Report (Sixteenth Lok Sabha). An analysis of the Action Taken Notes revealed that the Government had accepted 69.23% Recommendations of the Committee. The Committee did not desire to pursue 7.69% Recommendations. The replies of the Government in respect of 7.69% Recommendations had not been accepted by the Committee thus requiring reiteration. Replies in case of 15.39% Recommendations were of interim nature.

1.4 The Committee note that the Action Taken Replies in respect of the Observations/Recommendations contained in the Twentieth Report of the Committee (Sixteenth Lok Sabha) were furnished by the Government a few days after the stipulated period of three months and the Statement by the Minister under Direction 73-A was made within the stipulated six months period. An analysis of the action taken by the Government revealed that 69.23% Recommendations of the Committee had been accepted by the Government. The Committee did not desire to pursue 7.69% Recommendations. The replies of the Government in respect of 7.69% Recommendations had not been accepted by the Committee and in respect of 15.39% of Recommendations, the Government had furnished interim replies. The Committee hope and trust that the Department will adhere to the laid down stipulations in future, in letter and spirit and inform them of the status of implementation of the recommendations, the replies in respect of which were of interim nature and also in respect of those replies that had not been accepted by the Committee and commented on in their Action Taken Report.

CHAPTER – II

INTRODUCTORY

The Ministry of Consumer Affairs, Food and Public Distribution consists of two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs. The Department of Food and Public Distribution and the Department of Consumer Affairs work under the overall guidance of Union Minister of Consumer Affairs, Food and Public Distribution. The main functions of the Department of Food and Public Distribution are:-

- (i) Formulation and implementation of National policies relating to procurement, movement, storage and distribution of foodgrains;
- (ii) Implementation of the Public Distribution System(PDS) with special focus on the poor;
- (iii) Provision of storage facilities for the maintenance of Central Reserves of foodgrains and promotion of scientific storage;
- (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;
- (v) Administration of food subsidies relating to rice, wheat and coarse grains;
- (vi) Policy matters relating to Sugar and Sugarcane sector, fixation of Fair and Remunerative Price (FRP), fixation of statutory minimum price of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology) and sugar supply for PDS;
- (vii) Monitoring, price control and supply of edible oils.

2.2 For carrying out its functions, the Department is assisted by one Attached Office namely Directorate of Sugar and Vegetable Oil (DS&VO) and following three subordinate offices:-

- (i) National Sugar Institute, Kanpur;
- (ii) Eleven Quality Control Cells (QCCs) located at New Delhi (headquarter), Kolkata, Hyderabad, Bengaluru, Bhopal, Bhubaneshwar, Lucknow, Pune, Chennai, Guwahati and Patna.
- (iii) Indian Grain Storage Management and Research Institute (IGMRI) Headquarter located at Hapur (Uttar Pradesh) with 2 field stations located at Hyderabad, and Ludhiana.

2.3 In addition, there are three Central Public Sector Enterprises [Sl. Nos. (i), (ii) & (iii)] and one Regulatory Authority [S. No. (iv)] under the administrative control of the Department, namely:

- (i) Food Corporation of India (FCI)
- (ii) Central Warehousing Corporation (CWC)
- (iii) Hindustan Vegetable Oils Corporation Ltd.(HVOC)- The company is under liquidation.
- (iv) Warehousing Development and Regulatory Authority.

2.4 The Minister for Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2019-20) relating to the Department of Food and Public Distribution on 16.07.2019. The Detailed Demands for Grants, for the Department of Food and Public Distribution shows a budgetary provision of Rs. 242240.39 crore for the year 2019-20. This includes Rs. 190914.27 crore for Revenue activities and Rs. 51326.12 crore, for Capital programmes and Schemes.

2.5 The Committee in the present Report have examined various issues related to implementation of various schemes and programmes under the jurisdiction of the Department, in the context of Demands for Grants 2019-20. The detailed analysis along with observations/ recommendations of the Committee on various issues have been given in the succeeding Chapters of the Report.

CHAPTER –III

GENERAL PERFORMANCE OF THE DEPARTMENT

The scheme-wise details of Budget Estimates (BE), Revised Estimates (RE) and actual expenditure incurred by the Department of Food and Public Distribution on its Revenue and Capital Schemes during 2018-19 and 2019-20 are as follows:-

REVENUE

(₹ in crores)

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
1	2	3	4	5	6	7	8
A. Establishment Expenditure							
1	Secretariat (3451)	63.53	64.46	61.89	66.51	2.98	Increase was due to appointment of new staffs and is within the normative 10% limit.
2	National Sugar Institute, Kanpur (2408)	19.51	19.89	19.31	20.60	1.09	Increase was due to appointment of new staffs and is within the normative 10% limit.
3	Other Programmes of Food Storage & Warehousing						
	(i) Directorate of Sugar & Vegetable Oils (2408)	6.71	6.76	6.41	7.13	0.42	Increase in BE 2019-20 was due to appointment of new staffs and more tours on account of Swachh Bharat Mission, transfer posting of senior officers.
	(ii) Indian Grain Storage Management & Research Institute (2408)	3.83	4.07	3.73	5.33	1.50	
	(iii) Central Grain Analysis Laboratory (2408)	0.02	0.02	0.02	0.02	0.00	NA

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
	(iv) Quality Control Cell (2408)	7.77	7.19	6.85	7.54	-0.23	Decrease was due to vacant posts.
	(v) International Co-operation (2408)	0.63	0.62	0.62	0.65	0.02	Variation is as per actual requirement.
	Total - Other Programmes of Food Storage & Warehousing	18.96	18.66	17.63	20.67	1.71	
B. Central Sector Schemes							
4	Food Subsidy to FCI (2408)	138123.00	140098.00	70098.00	151000.00	12877.00	Increase was due to increase in MSP and other incidentals and interest liability of NSSF loan.
5	Food Subsidy to DCP States (2408)	31000.00	31000.00	31029.49	33000.00	2000.00	Increase was due to increase in MSP and other incidentals.
6	Sugar subsidy payable under PDS (2408)	200.00	200.00	199.51	220.00	20.00	Increase was due to likely participation of States in the 'Antyodaya Ann Yojana'.
7	Central assistance to State/ UTs for meeting expenditure on intra-State movement, handling of foodgrains	4000.00	3883.94	3883.94	4102.21	102.21	Increase was due to likely upward revision in norms of Central Assistance under the scheme.

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
	and FPS dealers margin under NFSA (2408)						
8	Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity	0.00	0.00	0.00	100.00	100.00	This is a new scheme for providing assistance to sugar mills for increasing the ethanol production by enhancing the number of working days of existing distilleries in a year on installation of new incineration boilers and for augmentation of ethanol production capacity by setting up of new distilleries attached with their sugar mills.
9	Scheme for Assistance to Sugar Mills for 2018-19 season	0.00	0.00	0.00	1000.00	1000.00	This is a new scheme to provide assistance to sugar mills for payment of cane price dues of farmers for the

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
							sugar season 2018-19 relating to the Fair and Remunerative Price (FRP) of sugar cane fixed by the Central Government for that sugar season and cane price arrears of previous sugar season.
10	Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export	0.00	0.00	0.00	500.00	500.00	This is a new scheme for assistance to sugar mills so as to facilitate export of sugar during sugar season 2018-19 thereby improving the liquidity position of sugar mills enabling them to clear cane price dues of farmers for sugar season 2018-19.
11	Scheme for extending soft loan to sugar mills	0.00	0.00	0.00	200.00	200.00	This is a new scheme for providing interest

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
							subvention on loan granted to sugar mills to enable them to clear cane price dues of farmers for sugar season 2018-19
12	Scheme for Assistance to Sugar Mills for 2017-18 season	0.00	400.00	376.43	100.00	100.00	This is a new scheme to provide assistance to sugar mills at Rs. 5.50 per quintal of cane crushed for production of sugar to off-set the cost of cane purchased by them for sugar season 2017-18. Provision in FY 2019-20 is for pending claims of sugar season 2017-18.
13	Scheme for Creation and Maintenance of Buffer Stock of Sugar	0.00	450.00	200.23	350.00	350.00	This is a new scheme for providing funds to sugar mills as reimbursement of carrying cost

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
							towards maintenance of buffer stock which are to be used firstly for payment of cane price dues of farmers for the sugar season 2017-18 and for arrears of previous sugar season. Provision in FY 2019-20 is for balance claims of sugar season 2017-18.
14	Financial Assistance to Sugar Undertakings / Other Expenditure of SDF (Administration of Sugar Development Fund) (2408)	26.00	25.00	24.62	21.00	-5.00	This provision is for making payment of agency commission to National Cooperative Development Corporation (NCDC) and Industrial Finance Corporation of India (IFCI). Decrease was as per the actual requirement.
15	Re-imbursment of	0.00	0.00	0.00	0.63	0.63	This provision is to

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
	Internal Transport and freight charges to sugar factories on export shipment of sugar and payment of other permissible claims						recoup the advance taken from Contingency Fund of India for making payment to a sugar mill in accordance to the judgement passed by the Honourable High Court of Karnataka.
16	Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 (2408)	200.00	160.00	133.74	60.00	-140.00	Decrease was due to some recent NPAs and closure of accounts, as intimated by SBI, TUFSC CELL, Mumbai.
17	Storage & Godowns- Construction of Godowns by State Governments in North Eastern Region (2552/2408)	25.00	25.00	23.30	21.00	-4.00	Variation is as per actual requirement.
18	Strengthening of PDS Operation # (2408/2552/3456)	41.00	31.00	18.66	30.00	-11.00	The scheme is being implemented in three phases and fund is released in instalments. The budget provision is

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
							made in anticipation of proposals likely to be received from States.
19	Integrated Management of Public Distribution System (IM-PDS)	10.00	25.00	25.00	50.00	40.00	Increase was as per actual requirement due to less allocation than required during FY 2018-19.
20	Warehousing Development and Regulatory Authority (2408)	8.00	7.86	7.61	8.40	0.40	Increase was as per actual requirement.
21	Hindustan Vegetable Oils Corporation (HVOC) (2408)	0.00	574.31	574.31	0.60	0.60	This provision is for part payment of penalty to Govt. at the rate of 0.25% of the interest burden on loan to HVOC.
D. Centrally Sponsored Schemes							
22	Fortification of Rice and its Distribution under Public Distribution System (2408/3601)	0.00	0.00	0.00	42.65	42.65	This is a new centrally sponsored scheme for distribution of fortified rice through Public Distribution System

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates (BE) 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
							to address anemia and micronutrient deficiency in 15 selected districts on pilot basis.
	Total-Revenue Expenditure	173735.00	176983.12	106693.67	190914.27	17179.27	

This includes provision for all five components of the scheme.

CAPITAL

(₹ in crores)

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
1	2	3	4	5	6	7	8
1	Investment in Equity Capital of Food Corporation of India	0.00	1000.00	500.00	1000.00	1000.00	This provision has been made in compliance to the para 120 of Budget Speech 2018-19.

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
1	2	3	4	5	6	7	8
2	National Sugar Institute, Kanpur (4408)	4.10	6.00	5.28	7.12	3.02	Increase was due to requirement under 'major work' head to meet the expenditure for ongoing construction of Hostel-cum-Guest house, conversion of existing classrooms in smart classrooms, renovation of examination hall, construction of training centre and new project pertaining to sewage treatment plant and setting up of a small sugar refinery at the experimental sugar factory.
3	Storage & Godowns-(4552/4408)	35.00	63.00	63.00	49.00	14.00	Provision is made within the approved SFC and is according to requirement of funds under various projects.
4	Ways and Means Advance payable to FCI (6408)	50000.00	50000.00	12000.00	50000.00	0.00	NA

Sl. No.	Name of the Scheme / Project	Budget Estimates (BE) 2018-19	Revised Estimates (RE) 2018-19	Actual Expenditure 2018-19	Budget Estimates 2019-20	Amount of variation vis-à-vis BE 2018-19	Reasons for major variation
1	2	3	4	5	6	7	8
5	Loans for consumer Industries (6860)						
	i) Loans for Modernization / Rehabilitation of Sugar Mills.	100.00	72.00	50.13	75.00	-25.00	These schemes are dependent on proposals received from sugar mills/factories. Hence, the decrease in provision was as per the number of proposals received.
	ii) Loans to Sugar Mills for Cane Development	25.00	3.00	2.95	10.00	-15.00	
	iii) Loans to Sugar Factories for Bagasse based co-generation Power Projects.	200.00	150.00	150.00	125.00	-75.00	
	iv) Loans for production of anhydrous alcohol or ethanol from alcohol	60.00	60.00	81.87	60.00	0.00	NA
	Total-Capital Expenditure	50424.10	51354.00	12853.23	51326.12	902.02	

3.2 When asked about the status of implementation of various schemes/programmes/projects and the difficulties being faced by the Department in the implementation of various schemes/projects/programmes, the Department in a written reply stated as under:-

“I. Storage of foodgrains: Construction of godowns by FCI/State Governments.

Schemes/Projects for augmentation of storage capacity:-

- Under the Private Entrepreneurs Guarantee (PEG) Scheme, construction of conventional godowns has been undertaken in 22 States in PPP mode. Food Corporation of India (FCI) guarantees 10 years usage of storage capacities to the private investors and 9 years to Central Warehousing Corporation (CWC) and State Warehousing Corporations (SWCs). The total capacity sanction i.e. tenders finalized for godowns as on 31.08.2019 is for 150.56 lakh MT. Out of this 142.75 lakh MT has been completed and 5.75 lakh MT is under construction. Thus, this scheme is almost in its final stage.
- Under the Central Sector (Plan) Scheme, funds are released to the FCI in the form of equity for construction of storage godowns. Funds are also released as Grants-in-aid to the State Governments of North Eastern Region including Jammu & Kashmir (J&K) for construction of intermediate storage godowns. Under the 12th Five Year Plan (2012-17) cumulative capacity of 1, 37, 680 MT had been created by FCI. This scheme has been continued upto 2019-20. From 01.04.2017 to 31.08.2019 a capacity 43,370 MT has been created/added by FCI.

The main difficulty faced in the implementation of this scheme is issues with regard to identification and acquisition of land by State Governments, which takes a lot of time. Besides, because of the difficult terrain, inclement weather and remoteness of the locations, the implementation of Scheme gets delayed.

II. Strengthening of PDS Operations

Financial Assistance to the States for generating awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism.

The funds under the scheme are released to States/UTs on the basis of proposals received from them. No utilization of the budget allocation has been made during 2017-18 due to Grants under the Scheme received under the 2nd Batch of Supplementary Demands at fag end of the year 2017-18. The utilization of

the budget allocation has been low during 2018-19 due to lack of proposals from States/UTs and Utilization Certificates (UCs) pending with them. Various communications are being issued to States/UTs along with the guidelines of the scheme for inviting proposals for awareness generation.

III. Consultancies, Training & Research

III (A) Consultancies for research/ monitoring in domestic/ global market for foodgrains

Under this Scheme, Food Corporation of India (FCI) is entrusted by the Department of Food & Public Distribution to appoint a Consultant in order to have a market intelligence system which could provide regular price alerts and early warnings on possible increases in prices of essential commodities, crucial for policy decisions. This component of the scheme aims to have a market intelligence system which could provide regular market alerts and early warning on likely increase of prices of foodgrains, crucial in formulation of policy measures and interventions for management of food economy. Such market intelligence is also useful in deciding the import-export policy for foodgrains, sugar and edible oils. Reports generated through the study provide periodical price data on wheat, rice, sugar and edible oils.

III (B) E-Governance

The status of implementation of e-Governance scheme is in-line with the annual projection. Till date an expenditure of around Rs. 4.50 lakhs has been incurred out of B.E. 2019-20 allocations of Rs. 20 lakhs. Rs. 9.25 lakhs is expected to be incurred in 3rd quarter and Rs. 1.25 lakh is expected to be incurred in 4th quarter of FY 2019-20. There is no difficulty in implementation of e-Governance scheme in FY 2019-20.

IV. Assistance to States/ UTs for non-building assets for SFC

Under the Sub-Scheme “Financial Assistance to States/UTs for non-building assets for State Food Commissions under the NFSA Act, 2013”, in case a State decides to set up State Food Commission on exclusive basis, Central Government will provide one time financial assistance for non building assets for the setting up of the State Food Commission subject to a maximum of Rs.50 lakh for a State/UT. The assistance is to be released in two instalments on approval of the proposal by a Departmental Committee. 75% is released as 1st instalment and after submission of Utilization Certificate; 2nd instalment of 25% is to be released.

There are no apparent difficulties in the operation of this sub scheme.”

3.3 On being enquired about the scenario regarding submission of Utilization Certificates and the concrete steps taken by the Department to set timelines for submission of pending Utilization Certificates, the Department has stated as under:-

“I. STORAGE OF FOODGRAINS: Construction of Godowns by FCI/ State Governments.

As desired by the Standing Committee, this Department has stipulated that FCI and State Governments should furnish Utilization Certificates (UCs) within one year of disbursement of funds. In case of FCI, it has also been stipulated that UCs should be furnished periodically (monthly basis) since the amount involved is substantial.

II. Strengthening of PDS Operations

Financial Assistance to the States for generating awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism.

As per guidelines of the scheme, 80% share is borne by the Central Government and remaining 20% by the State Government. The 40% of the Central Government's share is released as 1st instalment. The remaining amount, comprising of balance share of 40% of Central share, is released as 2nd instalment on receipt of Utilization Certificate (UC) for the 1st instalment along with UC for 20% of State's share.

The grants/loans released under the publicity-cum-awareness campaigns for TPDS for which UCs has not been received, are being recovered from Food Subsidy and Sugar Subsidy.

III. Consultancies, Training & Research

III(A) Consultancies for research/ monitoring in domestic/ global market for foodgrains – Not applicable.

III (B) E-Governance

E-Governance scheme doesn't involve any Utilization Certificate. Thus, No such information available.

IV.Assistance to States/ UTs for non-building assets for SFC

Under the Sub-Scheme of NFSA section “Financial Assistance to States/UTs for non-building assets for State Food Commissions under the NFSA Act, 2013”, till date first instalment of the financial assistance to 10 States viz. Andhra Pradesh, Bihar, Jharkhand, Chhattisgarh, Karnataka, Maharashtra Meghalaya, Odisha, Punjab, Uttar Pradesh has been released. The second instalment would be released after the Utilization Certificates of the first instalment are furnished by the States/UTs. No State has furnished Utilization Certificate of the first instalment yet. The matter is being followed up closely with the States. 5 States that were given funds in 2018-19 have been advised to furnish UCs within the current financial year as UCs have to be submitted within one year of release of assistance, while 3 States that were released funds during the current financial year will furnish UCs by next year. In case of Bihar and Odisha, States have been advised to furnish UCs immediately as funds were released in 2016-17.”

3.4 The Committee note that BE for Revenue Schemes during 2018-19 was Rs. 173735 crore which was raised at RE stage to Rs. 176983.12 crore but Actual Expenditure was Rs. 106693.67 crore. The Committee further note that for Capital Schemes during 2018-19, BE was Rs. 50424.10 crore which was also raised at RE Stage to Rs. 51354.00 crore but Actual Expenditure was Rs. 12853.23 crore. The Committee feel that the allocation was raised at RE stage so as to utilize more funds for the schemes but they are dismayed to see that the actual utilization of the amount was less than the BE. It shows lack of proper monitoring and coordination by the Department over various schemes.

The Committee also note that the Ministry faces various difficulties in the implementation of schemes/projects viz. identification and acquisition of land by State Governments, difficult terrain, inclement weather and remoteness of the location particularly in the North-eastern region; lack of proposals from States/UTs and pending Utilization Certificates etc. for augmentation of storage capacity of foodgrains as well as for strengthening PDS operations in the country. The Committee are, however, not convinced with the plea of the Department attributing the shortfall in Actual Expenditure to these problems. The Committee feel that such issues can be taken care of by proper planning and better coordination with the States/UTs. The Committee also feel that the Department has not been able to improve its monitoring mechanism over various schemes for the last many years and there is no visible improvement in coordinating efforts with the various States/UTs. The Committee, therefore, desire that the Department of Food and Public Distribution should regularly persuade the States/UTs to furnish financial proposals/Utilization Certificates and also take

further initiatives to ensure that the outlays earmarked for different schemes/programmes are fully utilized during the financial year.

CHAPTER- IV

MANAGEMENT OF FOOD

The Department of Food and Public Distribution is concerned with the formulation and implementation of various national policies relating to procurement, movement, scientific storage, distribution and sale of foodgrains. The aim of such policies is to ensure that interests of farmers as well as consumers are saved, which is done by providing remunerative prices to the farmers and making foodgrains available at reasonable prices to consumers, especially to the vulnerable sections of the society. The main elements of the Government's food management policy are procurement, storage and movement of foodgrains; distribution through public distribution system; and maintenance of buffer stocks.

(a) Procurement of foodgrains and Decentralised Procurement

4.2 The Food Corporation of India (FCI) along with the State Govt. Agencies have procured 357.95 lakh metric tones (LMT) of wheat in Rabi Marketing Season (RMS) 2018-19 and 443.31 LMT (as on 04.10.2019) of rice in Khariff Marketing Season (KMS) 2018-19. Procurement in KMS 2018-19 is still in progress. The procurement of rice has continuously increased during the last three years. In case of wheat, 341.32 LMT of wheat has been procured in RMS 2019-20 in comparison to 229.61 LMT of wheat procured during RMS 2016-17. Procurement depends upon multiple factors like Production, Market Surplus, MSP, Prevailing Market Rates, Demand Supply situation and participation of Private Traders etc.

4.3 Asked about the factors that determine the strategy for the procurement of foodgrains by the Government, the Department of Food and Public Distribution stated that Procurement is done by FCI and State Govt. agencies. Procurement policy is uniform throughout the country. Food Corporation of India along with other State Agencies undertakes procurement of food-grains i.e. wheat and paddy/rice under Price Support Scheme (PSS). The procurement under PSS is taken up to ensure remunerative prices to the farmers for their produce which works as an incentive for

achieving better production. Stocks conforming to the specifications prescribed by Government of India for the particular crop for the season brought by the farmers are purchased at the Minimum Support Price (MSP) declared by Government of India. If the farmers get prices better than the support price from other buyers such as traders/millers etc., the farmers are free to sell their produce to them. The Government policy of procurement of foodgrains has the broad objectives of ensuring MSP to the farmers and availability of foodgrains to the weaker sections at affordable prices. It also enables in ensuring effective market intervention, thereby keeping the prices under check and also adds to the overall food security of the country. The procurement of foodgrains depends upon multiple factors like production, market surplus, climatic conditions during harvesting period, prevailing market rates, price trends, Demand-Supply situation and participation of private traders, etc.

4.4 The witness during the course of oral evidence stated as under:-

“Sir, as far as the procurement operations are concerned, we procure about 600 lakh tonnes of food grains together with wheat and rice. It is a very massive operation and the FCI as a Central agency does not do it all alone क्योंकि एफ.सी.आई. को प्रोक्योरमेंट ऑपरेशंस के लिए सारे राज्य सरकारों की मदद लेनी होती है। मैं माननीय सदस्यों की जानकारी के लिए बताना चाहूंगा कि पूरे देश के प्रोक्योरमेंट का करीब 95 प्रतिशत प्रोक्योरमेंट राज्य सरकारें और उनकी एजेंसी करती हैं। एफ.सी.आई. डायरेक्टली प्रोक्योरमेंट केवल 5 से 10 प्रतिशत करता है। गेहूं का ज्यादा करता है, चावल का उससे और कम करता है। इसलिए प्रोक्योरमेंट ऑपरेशंस में सारे राज्य सरकारों की जिम्मेदारी भी काफी ज्यादा है। लेकिन, हम सारे राज्य सरकारों को, प्रोक्योरमेंट में जितना खर्च होता है और वह सारा खर्च, हर एक स्टेज पर, जैसे एम.एस.पी. का पैसा, स्टोरेज का पैसा, ट्रांसपोर्टेशन का पैसा, बोरियों का पैसा, स्टोर करने का पैसा, ऑपरेशंस में उनका जो पैसा लगता है, उसके इंटेरेस्ट का पैसा, जो टैक्सेज होते हैं, जिस स्टेट में जो टैक्सेज होते हैं, जैसे अभी फुड ग्रैन्स पर जी.एस.टी. नहीं लगता है, लेकिन कुछ राज्यों में इस पर टैक्स लगते हैं, उसका पैसा और इस तरह ये सारे पैसे हम राज्य सरकारों को उपलब्ध कराते हैं, जो फुड सब्सिडी एफ.सी.आई. को मिलती है। लेकिन, चूंकि यह किसानों के हित में है तो राज्य सरकारों के हित में भी है कि किसानों के हितों का संरक्षण किया जाए। इसके लिए कई राज्य सरकारों ने, जैसा कि आपने बताया कि कुछ राज्यों ने अच्छा काम किया है और कुछ राज्यों ने उतना अच्छा नहीं किया है। कई राज्य हैं, जहां

प्रोक्क्योरमेंट का सिस्टम काफी अच्छा हो गया है, जैसे ओडिशा में अभी पिछले एक-दो सालों में प्रोक्क्योरमेंट में बहुत अच्छा सुधार किया गया है। अब जितने किसान प्रोक्क्योरमेंट में आना चाहते हैं और राज्य की एजेंसी और एफ.सी.आई. को फुड ग्रेन्स देना चाहते हैं, उसके लिए प्रोक्क्योरमेंट शुरू होने के पहले ही सारे किसानों का रजिस्ट्रेशन करते हैं और रजिस्ट्रेशन में वे यह भी देखते हैं कि उनके पास कितनी जमीन है, इसलिए कि जितनी उनकी जमीन है, उसके हिसाब से ही उनसे वे गेहूं या चावल लेते हैं। रजिस्ट्रेशन के बाद फिर उन्हें बताते हैं कि उन्हें किस सेन्टर पर प्रोक्क्योरमेंट के लिए आना है। फिर उन्हें यह भी बताते हैं कि कौन-से किसान किस तारीख को आएंगे। इससे यह होता है कि सारे किसान एक साथ जमा नहीं होते हैं और जैसा माननीय सदस्य ने कहा कि दूसरे राज्यों में उन्हें उसके लिए इंतजार करना पड़ता है।

उसी तरह से, तेलंगाना, आंध्र प्रदेश राज्यों ने प्रोक्क्योरमेंट का अच्छा सिस्टम बनाया हुआ है। छत्तीसगढ़ में भी उन्होंने काफी सुधार किए हैं। मध्य प्रदेश में भी अच्छा काम हुआ है। इन सारे राज्यों में प्रोक्क्योरमेंट के लिए किसानों को तारीख भी बताई जाती है। कई राज्यों ने रजिस्ट्रेशन का सिस्टम किया है। वे उन्हें बताते हैं कि किस तारीख को आना है, जिससे हम मान लीजिए कि 50 किसानों की प्रोक्क्योरमेंट एक दिन में ले सकते हैं तो उतने ही किसान उस दिन आएंगे। इसमें तीसरा सिस्टम यह रखा है कि जब वे किसानों से उनके गेहूं या धान की फसल ले लेते हैं तो उसके बाद यह कोशिश की जाती है कि उन्हें जल्द-से-जल्द उसका पेमेन्ट मिले। पहले बहुत सारी कैश पेमेन्ट्स होती थीं। उसमें बहुत शिकायतें रहती हैं। इसलिए अब हमने सभी राज्य सरकारों को कहा कि आप सारा भुगतान ऑनलाइन करें और उनके बैंक खातों में उसका ट्रांसफर करें।

सर, कई राज्यों में अभी यह स्थिति है, जैसे तेलंगाना और ओडिशा में अभी उन्होंने यह व्यवस्था की है कि 48 घंटे से लेकर 72 घंटे के भीतर वे किसानों का पेमेन्ट कर देंगे, जब वे उनका फुड ग्रेन्स एक बार पजेशन में ले लेते हैं। बाकी जैसे दूसरे राज्यों, जैसे हरियाणा, पंजाब में किसानों के रजिस्ट्रेशन का सिस्टम, उनके बैंक में पेमेन्ट का सिस्टम अभी भी नहीं है। हमारे माननीय मंत्री जी की तरफ से दोनों राज्यों के माननीय मुख्यमंत्रियों को हमने रिक्वेस्ट किया है कि दूसरे राज्य जैसा कर रहे हैं, उसी तरह से अपने-अपने राज्यों में भी आप किसानों का प्रायर रजिस्ट्रेशन कराएं और उनका पेमेन्ट उनके बैंक अकाउंट के माध्यम से करें। पंजाब और हरियाणा में प्रोक्क्योरमेंट काफी ज्यादा होता है और उत्पादन भी बहुत ज्यादा होता है, लेकिन प्रोक्क्योरमेंट का सिस्टम वहां उतना अच्छा, जैसा बाकी राज्यों ने किया है, वैसा नहीं है। मैडम ने त्रिपुरा की बात की। त्रिपुरा में पहली बार पिछले साल धान का प्रोक्क्योरमेंट शुरू हुआ है। उसमें वहां के राज्य सरकार का भी काफी सहयोग था। वहां एफ.सी.आई. ने कुछ काम किया और राज्य सरकार ने कुछ

काम किया और पिछली बार हम लोगों ने त्रिपुरा में पहली बार 10,000 टन धान का प्रोक्योरमेंट किया था और इस साल भी हम त्रिपुरा में प्रोक्योरमेंट की व्यवस्था कर रहे हैं।

अभी एफसीआई के पास प्रोक्युर्मेंट के संबंध में जो मुख्य समस्या आ रही है, जैसा एफसीआई के सीएमडी ने बताया कि प्रोक्युर्मेंट में कोई लिमिट नहीं है, जितना भी धान तैयार होगा, उतना प्रोक्युर्मेंट हम करेंगे। हमारे पास जितना गेहूँ आएगा, उतना हम करेंगे। हमारा पास जितने फूड ग्रेन्स का रिक्वायरमेंट है, वह पीडीएस के हिसाब से है। हमको पीडीएस के हिसाब से साल में करीब 550 लाख टन फूड ग्रेन्स का रिक्वायरमेंट है। अभी पिछले साल हम लोग ने करीब 750 लाख टन का प्रोक्युर्मेंट किया है। जब एक बार इतना ज्यादा प्रोक्युर्मेंट होगा, तो फिर हमारे पास उससे जुड़ी हुई बहुत सारी समस्याएं आएंगी। हमारे पास रखने की जगह नहीं होगी, उनको कवर्ड करने की जगह नहीं होगी, उनको ट्रांसपोर्ट करने में दिक्कत होगी। यदि हम उसे ज्यादा दिन तक रखेंगे, तो खराब होने की स्थिति आएगी। जब हम ज्यादा दिन तक रखेंगे, तो एफसीआई का पैसा फंसा रहेगा, इससे इंट्रेस्ट का कॉस्ट बढ़ेगा। इससे हमारे प्रोक्युर्मेंट का टोटल कॉस्ट बढ़ता जाएगा। हम लोग स्टेट गवर्नमेंट्स के साथ अलग से विचार कर रहे हैं कि कैसे हम प्रोक्युर्मेंट को थोड़ा लिमिट करें। हम उतना ही प्रोक्युर करें या उससे थोड़ा ही ज्यादा करें, जिससे हम पूरे देश के पीडीएस तथा बाकी स्कीम्स के रिक्वायरमेंट को मीट कर सकें।“

4.5 The scheme of Decentralized Procurement of foodgrains was introduced by the Government in 1997-98 with a view to effecting savings in the form of reduction in the outgo of food subsidy, enhancing the efficiency of procurement and Public Distribution System (PDS) and to encourage local procurement to the maximum extent thereby extending the benefit of MSP to local farmers. Under Decentralized Procurement Scheme (DCP), foodgrains are procured, stored and distributed by the State Governments themselves. Under this scheme, the States procure, store and issue foodgrains under TPDS and other welfare schemes of the Government of India. The decentralized system of procurement has the objectives to ensure that MSP is passed in a focused way on to the farmers and to encourage procurement in non-traditional States, thereby extending the benefits of MSP to local farmers, which also saves on transportation cost. This also enables procurement of foodgrains more suited to local taste for distribution under the PDS.

4.6 Under this scheme, the State Government and its agencies undertake procurement of paddy/rice and wheat on behalf of Government of India and also store and distribute these foodgrains under National Food Security Act (NFSA) and Other Welfare Schemes (OWS). The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. If the stocks procured by a DCP State is more than its requirement under NFSA/OWS, then the surplus is handed over by the State to FCI for distribution to other deficit States. In case stocks procured by a DCP State is less than its requirement, the deficit portion is supplied by FCI from other surplus States.

For the surplus stocks handed over by the surplus DCP States to FCI, the acquisition cost is reimbursed by FCI to the State Government on the basis of the Cost Sheet issued by Government of India. In the DCP States, FCI carries out procurement only in those areas where the State makes specific request for the same keeping in view the lack of infrastructure, man power etc. and its inability to carry out the procurement in those areas.

4.7 The Central Government also monitors the quality of foodgrains procured under the DCP Scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly.

4.8 When asked about the States/UT Governments that have opted for Decentralized Procurement Scheme, the Ministry stated that the following States/UTs have so far adopted the DCP System:-

Sl.No.	State/UT	DCP adopted for
1.	Andaman & Nicobar Islands	Rice
2.	Bihar	Rice/Wheat
3.	Chhattisgarh	Rice/Wheat
4.	Gujarat	Rice/Wheat
5.	Karnataka	Rice
6.	Kerala	Rice
7.	Madhya Pradesh	Rice/Wheat
8.	Odisha	Rice
9.	Tamil Nadu	Rice

Sl.No.	State/UT	DCP adopted for
10.	Uttarakhand	Rice/Wheat
11.	West Bengal	Rice/Wheat
12.	Punjab	Wheat
13.	Andhra Pradesh	Rice
14.	Telangana	Rice
15.	Jharkhand (6 districts only)	Rice
16.	Maharashtra	Rice
17.	Tripura	Rice

4.9 On being enquired whether there is any need for making reforms in the Decentralised Procurement Scheme, the Ministry stated that regular interactions are made by Government of India with the State Governments and suitable amendments are made as per the need from time to time. The Ministry also informed that Problems reported by State Governments are suitably addressed by Government of India from time to time and necessary amendments are made in the scheme. The Decentralized Procurement States have to focus on improving the quality of stocks received and its safe preservation.

4.10 As regards the reasons for not adopting the DCP Scheme by the remaining States/UTs and efforts made to persuade them to adopt the Scheme, the Ministry stated that since adoption of DCP mode requires substantial responsibility on the part of the State Government like arrangements for funds, storage space, gunny bags, manpower etc., they hesitate to adopt the same. However, regular efforts are being made to persuade them to adopt the DCP mode by addressing their concerns. In the process, now 17 States are procuring wheat/rice under DCP Scheme.

4.11 Asked whether any performance evaluation of the DCP Scheme has been done, the Ministry informed that on the request of this Department, an Evaluation Advisory Committee under NITI Aayog has been constituted to carry out performance evaluation of the DCP scheme.

4.12 The Committee note that the Food Corporation of India (FCI) along with the State Government agencies undertake procurement of foodgrains in the country to ensure Minimum Support Price (MSP) to the farmers and availability of foodgrains to the weaker sections at affordable prices. The Committee are given to understand that very good system of procurement has been made in some States where FCI or other State agencies register the farmers who want to sell their produce to them and also inform the farmers about the date and the centre on which they have to come for selling their produce. A limited number of farmers are called on a day to ensure that the farmers are not required to wait in long queues and avoid heavy rush. The Committee appreciate the steps taken by the Government and desire that the Department should take vigorous steps to implement this system in all the States/UTs. At the same time, the Committee also note that small farmers do not generally get information about the registration system and they are unable to avail the facility. In this context, the Committee desire that the FCI or State agencies should make adequate publicity in advance for registration of the farmers and sufficient time should also be given to them to come forward to sell their produce at the procurement centres. The Committee also desire that the farmers should be paid instantly for their produce sold at the procurement centres and should be compensated for any delay in this regard.

The Committee further observe that the farmers are not getting the Minimum Support Price (MSP) as declared by the Government and there are intermediaries/vyaparis in the Mandis who, in connivance with the FCI/State agencies officials somehow convince the farmers to sell their foodgrains at less price than MSP. The poor farmers are denied the benefit of MSP as declared by

Government while the intermediaries/vyaparis make huge profits at the cost of the ignorant farmers. The Committee, therefore, strongly recommend that the Government in coordination with States/UTs should look into the matter seriously on top priority in the interest of the farmers. The coordinated plan/efforts made in this regard be apprised to the Committee.

4.13 The Committee regret to note that even after 21 years of launching the Decentralized Procurement Scheme and despite repeated recommendations by this Committee for taking concrete steps to try and convince the States/UTs to adopt the scheme, only 17 States/UTs have adopted the scheme so far. Noting that procurement of foodgrains is more cost effective under the DCP scheme since non-decentralized procurement involves additional handling transaction of FCI taking over the stock of foodgrains and releasing them to the State Governments, the Committee feel that remaining States/UTs should also adopt the DCP scheme at the earliest, as the scheme is more cost effective and also saves on transportation cost. Further, it has become all the more essential for the States/ UTs to adopt the DCP Scheme for smooth and successful implementation of National Food Security Act (NFSA) and Other Welfare Schemes (OWS). The Committee also note that remaining States/UTs are not adopting the DCP Scheme due to shortage of funds, storage space, gunny bags, manpower etc. and an Evaluation Advisory Committee under NITI Aayog has been constituted to carry out performance evaluation of the scheme. The Committee, therefore, strongly recommend that the Department should make vigorous efforts to extend every possible help and convince the remaining States/UTs to adopt the DCP Scheme by elaborating the benefits of the scheme. The Committee also would like to be apprised of the findings of the Evaluation Advisory Committee under NITI Aayog constituted to evaluate the performance of the DCP Scheme.

(b) Food Subsidy

4.14 Food subsidy is provided in the Budget of the Department of Food and Public Distribution to meet the difference between Economic Cost of foodgrains and their sales realization at Central Issue Price (CIP) fixed for TPDS and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock.

The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food subsidy. This apart, 17 States/UTs have adopted the DCP Scheme and have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this Scheme of Decentralized Procurement, State-specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Price is passed on to the State as Food Subsidy.

The following subsidy has been allocated for FCI and DCP States during the last three years:

(Amount in Rs. crore)

Year	2016-17		2017-18		2018-19	
	FCI	DCP States	FCI	DCP States	FCI	DCP States
Requirement	129,943.00	33,000.00	124,060.00	45,800.00	1,67,098 (RE)	36,500(RE)
Allocated	103,334.61*	27,338.35	101,981.69**	38,000.00	1,40,098***	31,029.49

*Includes National Small Savings Fund (NSSF) loan of Rs.25,000 crore to FCI

**Includes NSSF loan of Rs.40,000 crore to FCI

***Includes NSSF loan of Rs.70,000 crore to FCI

4.15 A statement showing State/UT-wise release of subsidy under DCP Scheme is given as under:-

**State/UT-wise details of food subsidy released to DCP States
during the last three years i.e. 2016-17, 2017-18 & 2018-19**

					(Rs in crores)
S.No.	Name of the State	2016-17	2017-18	2018-19	2019-20 (as on 03.10.2019)
1	Andhra Pradesh	3212.82	6060.17	4542.57	3471.08
2	Bihar	1495.24	4535.11	2291.68	616.60
3	Chhattisgarh	3141.28	4272.36	3303.19	2980.24
4	Gujarat	46.21	0.00	9.31	0.00
5	Karnataka	0.00	166.95	417.53	205.79
6	Kerala	419.25	782.06	620.23	0.00
7	Madhya Pradesh	5354.97	8113.23	6026.97	2406.50
8	Maharashtra	-	583.66	-	107.20
9	Odisha	3847.72	5133.57	4651.01	3290.19
10	Punjab	2877.68	796.33	1722.33	904.59
11	Tamil Nadu	2303.76	651.70	1136.61	896.51
12	Telangana	1716.71	3853.71	2559.31	2142.84
13	Uttarakhand	346.80	860.11	329.8	258.26
14	West Bengal	2441.93	2042.30	3279.69	1813.26
15	DBT*	133.97	148.74	139.25	98.47
	Total	27338.34	38000	31029.48	19191.53

* Under Direct Benefit Transfer (DBT) scheme, w.e.f. 2015-16 subsidy is released to UTs of Chandigarh, Puducherry, Dadra & Nagar Haveli & 1 District of Jharkhand.

4.16 It is noted from the above statements that there has been huge increase in Food subsidy, continuously during the last three years. When enquired as to how the Government would meet the challenge of ever increasing demand of funds for food subsidy, the Ministry stated that Department is fully aware about the need for containing

the increase in food subsidy and are making regular efforts in this regard. The Government has taken several measures to contain the food subsidy, which include:

- Encouraging decentralized procurement and distribution of foodgrains.
- Issue of bonds by the FCI at lower coupon rates, backed by Government guarantee.
- Improving the operational efficiency of the FCI.
- Negotiating with the banks of the consortium of food credit to reduce the rate of interest on cash credit.
- Bringing in overall cost-effectiveness in the operation of FCI.
- Bringing down the level of surplus food grains stock through more liquidation under Open Market Sale Scheme and optimization of procurement through increasing market competitiveness.

4.17 Asked about the way to bridge the gap between requirement of funds *vis-à-vis* actual funds available for food subsidy, the Ministry stated that the gap can be bridged by allocation of additional funds in the Budget. Further to meet the shortfall of budgetary allocation in respect of FCI, the Food Corporation of India takes Short Term Loans (STL) from various banks as per requirement, avails Ways and Means Advance (WMA) & National Small Savings Fund (NSSF) Loan from the Government, borrows funds through a Cash Credit Limit (CCL) from consortium of banks and issues Government Guarantee bonds.

4.18 On being asked about the opinion of experts in food management, the Ministry stated that the Expenditure Management Commission constituted by Ministry of Finance *vide* its report dated 26.02.2016 recommended that as an immediate step, the timely reimbursement of subsidies, increase in the frequency of releases and appropriate enhancement in the quantum of ways and means advances could result in savings in food subsidy bill. The Commission also observed that reduction in food grain subsidy would require a combination of measures to moderate increase in MSP, limit procurement and increase in Central Issue Prices (CIP).

4.19 The Ministry has also informed that the National Food Security Act (NFSA) is now being implemented in all the States/UTs. The Government of India does not release State-wise subsidy to FCI.

4.20 When enquired whether there is any scope for the private sector in containing the ever increasing food subsidy, the Department of Food and Public Distribution stated that as far as Minimum Support Price (MSP) and Central Issue Price (CIP) of food grains are concerned, it is decided by the Government of India. The outsourcing of transportation, storage to private sector can result in lowering of food subsidy to some extent. Towards this, storage infrastructure is mostly being created under Public-Private Partnership (PPP) mode. There is not much scope in reducing the manpower cost as bulk of transportation is done through Indian Railways and the freight charges are pre-determined. However, so far, no study has been initiated by this Department in this regard.

4.21 The Committee note that the amount of food subsidy released to Food Corporation of (FCI) and Decentralized Procurement (DCP) States is continuously on the rise, which can be attributed to increase in Minimum Support Price (MSP) of wheat and rice *vis a vis* Central Issue Price (CIP), increased offtake of foodgrains under Targeted Public Distribution System (TPDS) and implementation of National Food Security Act (NFSA) in all the States/UTs etc. The Government have taken several steps to contain the food subsidy, such as encouraging decentralized procurement and distribution of foodgrains; issue of bonds by FCI at lower coupon rates; improving the operational efficiency of FCI; bringing in overall cost effectiveness in the operation of FCI and bringing down the level of surplus foodgrain stock through more liquidation under Open Market Sale Scheme etc. While appreciating these efforts of the Government, the Committee, however, desire that the Department should make even more vigorous efforts for containing food subsidy including encouraging involvement of private sector in transportation and storage of foodgrains without compromising on the regular supply and availability of subsidized foodgrains to the targeted beneficiaries.

(c) Public Distribution System (PDS)

4.22 The Public Distribution System (PDS) which was started to manage food supplies during scarcity has evolved as a system for distribution of foodgrains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

4.23 PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of foodgrains to the State Governments. The operational responsibility including allocation within State, identification of eligible families, issue of Ration Cards, distribution of foodgrains through Fair Price Shops (FPS) and supervision of the functioning of Fair Price Shops (FPS), rests with the State Governments. Under the PDS, the commodities namely wheat, rice and coarse grains are being allocated to the States/UTs for distribution. States/UTs also distribute additional items of mass consumption through the PDS outlets such as sugar, pulses, edible oil, iodized salt, kerosene etc. as follows:-

ANNEXURE-I

Statement indicating Essential commodities distributed by State Governments in addition to wheat, rice, coarse-grain, sugar and SKO through PDS outlets.

राज्य सरकारों द्वारा सार्वजनिक वितरण प्रणाली के बिक्री केन्द्रों के माध्यम से गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपरियर केरोसीन ऑयल के अतिरिक्त वितरित आवश्यक वस्तुओं को दर्शाने वाला विवरण

(Compilation of information received from States/UTs by 30.09.2019)

(दिनांक 30.09.2019 तक राज्य/संघ राज्य क्षेत्र से प्राप्त सूचना का संकलन)

S. No क्र. सं.	State/UT राज्य /संघ राज्य क्षेत्र	Essential Commodity (other than wheat, rice, coarse-grain, sugar and SKO) आवश्यक वस्तुएं (गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपरियर केरोसीन ऑयल के अतिरिक्त)	Qty. allotted per family per month प्रति परिवार प्रति माह आबंटित मात्रा	Issue price per kg./ltrs प्रति किलोग्राम/लीटर निर्गम मूल्य	Scheme operational since से जारी योजना	Date of Reporting by the State/UT राज्य /संघ राज्य क्षेत्र द्वारा सूचित करने की तिथि
1	Andhra Pradesh आंध्र प्रदेश	Red Gram Dal	1 kg.	Rs. 40/- per kg	February, 2017	Dec., 2018
		Salt	1 kg.	Rs. 12/- per kg	February, 2017	
2	Chhattisgarh छत्तीसगढ़	Chana (in Tribal Area)	2 Kg.	Rs. 5/- per kg	2012	27.11.2018
		Salt (in Tribal Area)	2kg	Free of cost	2014	
		Salt (in Non-Tribal Aea)	1 kg	Free of cost	2014	
3	Gujarat गुजरात	Iodized Salt	1Kg. upto 6 member/ 2kg above 6 member per BPL/AAY card	Rs. 1/- per kg	02.09.2009	27.09.2018
		Refined Cottonseeds Oil	1 ltr. For 2 months of Diwali and Janmastmi festivals per BPL/AAY ration Card	Rs. 50/- per ltr. For year (2018-19)	1980-81	
4	Haryana हरियाणा	Mustard Oil	2 ltr	Rs.20/- per ltr.	January, 2018	11.10.2018
5	Himachal Pradesh हिमाचल प्रदेश	Pulses (Any 3 pulses out of 4)				28.01.2019
		1.Urd Sabut	1 kg	1. Rs.30/- per kg	1.4.2007	
		2.Mong Sabut	1 kg	2. Rs.40/- per kg	1.4.2007	
		3.Malka	1 kg	3. Rs.30/- per kg	1.4.2007	
		4.Dal Chana	1 kg	4. Rs.35/- per kg	1.4.2007	
		Edible oil (Any one out of Refined Oil or Mustard Oil)	1 ltr. upto 2 family members & 2 ltr. more than 2 family members	Rs. 70/- per ltrs.(Refined Oil) Rs. 78/- per ltrs.(Mustard Oil)	1.4.2007	
Iodised Salt	1kg per ration card	Rs. 4 per kg/ per ration card	1.4.2007			
6	Karnataka कर्नाटक	Tur Dal	1 kg	Rs.38/- per kg	01.6.2017	15.10.2018
7	Kerala केरल	Wheat Flour	1 kg	Rs. 17/- per kg	July, 2017	Dec., 2018

Statement indicating Essential commodities distributed by State Governments in addition to wheat, rice, coarse-grain, sugar and SKO through PDS outlets.

राज्य सरकारों द्वारा सार्वजनिक वितरण प्रणाली के बिक्री केन्द्रों के माध्यम से गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपिरियर केरोसीन ऑयल के अतिरिक्त वितरित आवश्यक वस्तुओं को दर्शाने वाला विवरण

(Compilation of information received from States/UTs by 30.09.2019)

(दिनांक 30.09.2019 तक राज्य/संघ राज्य क्षेत्र से प्राप्त सूचना का संकलन)

S. No क्र. सं.	State/UT राज्य /संघ राज्य क्षेत्र	Essential Commodity (other than wheat, rice, coarse-grain, sugar and SKO) आवश्यक वस्तुएं (गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपिरियर केरोसीन ऑयल के अतिरिक्त)	Qty. allotted per family per month प्रति परिवार प्रति माह आबंटित मात्रा	Issue price per kg./ltrs प्रति किलोग्राम/लीटर निर्गम मूल्य	Scheme operational since से जारी योजना	Date of Reporting by the State/UT राज्य /संघ राज्य क्षेत्र द्वारा सूचित करने की तिथि
		(Fortified)				
8	Maharashtra महाराष्ट्र	Tur Dal	1 kg each for every Yellow ration card holder (AAY & BPL Cards)	Rs.35/- kg	For August 2016 only	Dec., 2018
9	Tamilnadu तमिलनाडु	Rice	5kg per person to all rice card holders 35 kg to AAY card holders	Free of cost	01.06.2011	10.07.2019
		Wheat	10kgs per card /month in Chennai city & district headquarter and 5kgs per card / month in other areas in lieu of rice subject to the availability	Free of cost	21.02.2017	
		Sugar	500gms to 2kgs per head/month For Sugar option card holders, 500gms per head/month an additional 3kg to 5kg per month	Rs.13.50/-kg for AAY cards Rs.25/- for all other cards	01.11.2017	
		Kerosene	3-15 ltrs	Rs. 13.60/- to Rs.14.20/- per ltrs		
		Tur Dal	1kg per card	Rs. 30/-	14.04.2007	
		Palmolein Oil	1ltrs	Rs.25/- per ltrs	14.04.2007	
10	Telangana तेलंगाना	Salt	1 kg per family per month to all the card holders	Rs. 5/-	June, 2014	11.10.2019
11	Tripura त्रिपुरा	Salt	500gm per member	Rs. 7/-	-	10.07.2018

Statement indicating Essential commodities distributed by State Governments in addition to wheat, rice, coarse-grain, sugar and SKO through PDS outlets.

राज्य सरकारों द्वारा सार्वजनिक वितरण प्रणाली के बिक्री केन्द्रों के माध्यम से गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपरियर केरोसीन ऑयल के अतिरिक्त वितरित आवश्यक वस्तुओं को दर्शाने वाला विवरण

(Compilation of information received from States/UTs by 30.09.2019)

(दिनांक 30.09.2019 तक राज्य/संघ राज्य क्षेत्र से प्राप्त सूचना का संकलन)

S. No क्र. सं.	State/UT राज्य /संघ राज्य क्षेत्र	Essential Commodity (other than wheat, rice, coarse-grain, sugar and SKO) आवश्यक वस्तुएं (गेहूँ, चावल, मोटा अनाज, चीनी तथा सुपरियर केरोसीन ऑयल के अतिरिक्त)	Qty. allotted per family per month प्रति परिवार प्रति माह आबंटित मात्रा	Issue price per kg/ltrs प्रति किलोग्राम/लीटर निर्गम मूल्य	Scheme operational since से जारी योजना	Date of Reporting by the State/UT राज्य /संघ राज्य क्षेत्र द्वारा सूचित करने की तिथि
12	West Bengal प. बंगाल	Iodised Salt	1kg	Rs.8/-	2014	Dec., 2018
13	A&N Island अंडमान और निकोबार द्वीप समूह	Fortified Wheat flour (Atta)	1-3 unit 4 kgs 4 & above units 6 kgs	APL-Rs.21.50/kg PHH- Rs. 3.60/kg AAY- Rs. 3.60/kg	Aug 2013	08.10.2018
14	Puducherry पुडुचेरी	Single Boiled Rice (BPL& AAY cards)	20 kg	-	01.08.16	28.02.2019
		Single Boiled Rice (APL cards)	10 kg	-	01.01.18	
		Wheat (for Mahe region only)	5 kg	-	01.01.18	
<p>Note: 20 State/UT Governments namely, Arunachal Pradesh, Assam, Bihar, Delhi, Goa, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Sikkim, Uttar Pradesh, Uttarakhand, Chandigarh, Dadra & Nagar Haveli and Lakshadweep have reported that they are not distributing essential commodities in addition to wheat, rice, coarse-grain, sugar and SKO through PDS outlets.</p> <p>* Rajasthan- updated information has not been received since 2013 Daman & Diu - updated information has not been received since 2012</p>						

4.24 The Committee have been informed that the PDS, till 1992, was a general entitlement scheme for all consumers without any specific target. Revamped Public Distribution System (RPDS) was launched in June, 1992 in 1775 blocks throughout the country with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas. Targeted Public Distribution System (TPDS) was introduced with effect from June, 1997 with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the eligible households for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level.

4.25 The Department is taking all necessary measures to closely monitor the implementation of Targeted Public Distribution System (TPDS) by State/UT Governments. Utilisation Certificates (UCs) for the foodgrains allocated to State Governments are obtained regularly from the State Governments. Public Distribution System (Control) Order, 2015 notified on 20.03.2015, mandates the State and UT Governments to carry out all required action to ensure smooth functioning of TPDS. As provided under the said Order, the State and UT Governments are responsible for implementing TPDS and are competent to take action against those indulging in malpractices in TPDS by invoking provisions of relevant clauses of the said Order. State Governments/UT Administrations have reported action taken such as issue of show cause notice, lodging of FIRs, suspension/ cancellation of FPS licences, arrest, prosecution/ conviction etc. As and when complaints are received by the Government from individuals and organisations as well as through press reports, they are sent to State/UT Governments concerned for inquiry and appropriate action.

(i) TPDS - National Food Security Act, 2013 & National Portability of Ration Card Beneficiaries

4.26 The National Food Security Act, 2013 (NFSA) was enacted by the Government in the year 2013 to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity. The Act *inter-alia* entitles upto 75% of the rural population and upto 50% of the urban population for receiving subsidized foodgrains under TPDS, thus covering about two-thirds of the population. Eligible households comprise of priority

households and Antyodaya Anna Yojana (AAY) households. Persons belonging to priority households are entitled to receive 5 kg of foodgrains per person per month at subsidized prices of Rs. 3/2/1 per kg of rice/wheat/coarse grains, respectively. AAY households, which constitute the poorest of the poor, are entitled to receive 35 kg of foodgrains per household per month @ Rs. 3/2/1 per kg for rice/wheat/coarse grains, respectively.

4.27 The Act also contains provisions for nutritional support to pregnant women & lactating mothers and children upto fourteen years of age. Pregnant women and lactating mothers are entitled to meals, free of charge, during pregnancy and six months after the child birth as well as maternity benefit of not less than Rs. 6,000. Children upto 14 years of age are entitled to nutritious meals as per the prescribed nutritional standards. In case of non-supply of entitled foodgrains or meals, the beneficiaries will receive food security allowance. For effective implementation and monitoring, the Act also provides for setting up of grievance redressal mechanism at the District and State levels. Separate provisions have also been made for ensuring transparency and accountability. NFSA provides for Central assistance to States/UTs to meet the expenditure incurred on intra-State movement of foodgrains and fair price shop dealers' margins.

4.28 The following statement indicates State-wise number of complaints on TPDS received in the Department of Food and Public Distribution from individuals, organisations & through media reports etc from 2016 to 2018:-

Sl. No.	Name of the State/UT	2016	2017	2018
1	Andhra Pradesh	5	10	6
2	Arunachal Pradesh	-	-	1
3	Assam	32	17	7
4	Bihar	81	169	135
5	Chhattisgarh	9	9	9
6	Delhi	91	98	76
7	Goa	1	2	-
8	Gujarat	12	9	8
9	Haryana	34	47	35

10	Himachal Pradesh	5	6	1
11	Jammu & Kashmir	3	4	5
12	Jharkhand	29	35	33
13	Karnataka	22	28	15
14	Kerala	22	13	11
15	Madhya Pradesh	24	21	24
16	Maharashtra	62	77	34
17	Manipur	4	2	2
18	Meghalaya	9	-	-
19	Mizoram	-	2	-
20	Nagaland	2	2	-
21	Orissa	43	22	16
22	Punjab	7	5	22
23	Rajasthan	59	82	38
24	Sikkim	-	-	-
25	Tamil Nadu	33	31	27
26	Telangana	1	4	3
27	Tripura	1	1	-
28	Uttarakhand	21	22	15
29	Uttar Pradesh	461	445	369
30	West Bengal	29	49	43
31	Andaman & Nicobar Island	1	-	1
32	Chandigarh	2	-	2
33	Dadra & Nagar Haveli	1	-	-
34	Daman & Diu	-	-	-
35	Lakshadweep	-	-	1
36	Puducherry	-	1	2
TOTAL		1106	1213	941

4.29 When asked about the proposal of 'One Nation, One Ration Card', the Ministry in its written reply stated that to sustain the reforms brought in by the ongoing scheme on End-to-End Computerization of PDS Operations and to introduce new reforms in the functioning of PDS across the country, the Department is implementing another scheme of Integrated Management of Public Distribution System (IM-PDS) w.e.f. April, 2018 with total outlay of Rs. 127.3 crore for implementation up to 31st March, 2020. The main objective of this scheme is to implement nation-wide portability of benefits under NFSA, i.e. distribution of subsidised foodgrains to ration card holders under NFSA, which enables the migratory beneficiaries/ration card holders to lift their entitled foodgrains

from any electronic Point of Sale (ePoS) enabled Fair Price Shop (FPS) anywhere in the country without the need of getting new ration card, through 'One Nation One Ration Card' (ON-ORC) system.

4.30 The Secretary during course of oral evidence also informed as under:-

“जी सर, अभी हम लोगों ने इसे क्लस्टर ऑफ स्टेट में शुरू किया है। अभी यह व्यवस्था की गई है कि आंध्र प्रदेश तथा तेलंगाना के लोग एक-दूसरे राज्य में जाकर अनाज उठा सकते हैं। उसी तरह से केरल और कर्नाटक के लोग एक एक-दूसरे स्टेट में जाकर अनाज उठा सकते हैं। गुजरात और महाराष्ट्र के बीच यह व्यवस्था की गई है। अभी हम लोगों ने हरियाणा और राजस्थान के बीच यह व्यवस्था शुरू किया है। आगे हम उसी प्रकार से सारे राज्यों को जोड़ देंगे। सर, उनके लिए यह जरूरी है कि जिस स्टेट के वे रहने वाले हैं, उस राज्य में यह मशीन पूरी तरह से लग जाए। जब यह मशीन एक बार लग जाएगी, तो वे पंजाब में भी अनाज उठा सकते हैं।

सर, हमने जिन आठ स्टेट्स का नाम लिया है, इन सारे स्टेट्स में 100 परसेंट मशीन लग गई हैं। जब एक बार मशीन लग जाती है, तो उसमें कोई दिक्कत नहीं होती है। उनको जो 35 किलोग्राम अनाज मिलने वाला है, उसके परिवार वाले 10 किलोग्राम गांव में उठा सकते हैं और 15 किलोग्राम वह अपने काम वाले स्थान पर उठा सकता है, फिर जब वह वापस जाएगा, तो पूरा अनाज गांव में उठा सकता है। यह व्यवस्था भी हम लोग कर रहे हैं। अभी यह आठ स्टेट्स में है, लेकिन हम लोगों का टारगेट है कि एक साल के अंदर कोई आदमी, किसी स्टेट का, कहीं भी तथा किसी भी स्थान से राशन उठा सके। यह 'वन नेशन – वन राशन कार्ड' का कंसेप्ट है।

सर, उसका कंसेप्ट यह है कि सारे स्टेट्स में यह मशीन लग जाए, जैसा मैंने बताया कि स्टेट के अंदर राशन कार्ड डिजिटाइज कर दिया है। हालांकि राशन कार्ड बनाने का काम स्टेट का है, लेकिन अब हम क्या कर रहे हैं कि पूरे देश के डाटा को एक जगह ला रहे हैं। हम यह भी देख लेंगे कि अगर बिहार में किसी का राशन कार्ड बना हुआ है, तो वही आदमी फिर दुबारा दिल्ली आकर राशन कार्ड नहीं बना पाए। वह आदमी बिहार में भी अनाज उठा रहा है और दिल्ली में भी उठा रहा है। इसको हम लोग चेक करेंगे कि जब भी नया राशन कार्ड बनेगा, उसका नाम किसी और जगह पर नहीं हो। राशन कार्ड डुप्लिकेट नहीं बने, वह भी इससे चेक हो सकेगा। हम लोग इस प्रकार के बहुत सारे सुधार किए हैं।”

4.31 It is further envisaged that all four clusters, as above, and a few other States having already implemented intra-State portability shall be integrated together into single national-platform w.e.f. January 2020. Thereafter, rollout of National Portability in other States/UTs i.e. on-boarding on PDSN platform, shall be done as and when the national de-duplication of all ration cards/beneficiaries under NFSA is completed and biometric/Aadhaar authentication based distribution is enabled in the State/UT. It is expected that 10 more States/UTs shall be brought under the fold of National Portability by the end of 2020-21 and all States/UTs by the end 2021-22.

4.32 On being enquired whether seeding of Aadhaar Card Number in ration cards has been completed in all States/UTs, the Ministry informed that at present, overall Aadhaar seeding with Ration Cards (at least one member of household) has reached up to 85.7% at the national level. However, the progress of Aadhaar seeding in North Eastern States is slow, mainly due to poor/negligible Aadhaar generation in Assam and Meghalaya. Department is regularly making all possible efforts to increase the Aadhaar seeding in ration card database. In this connection, Department has prepared and issued guidelines/best practices for increasing Aadhaar Seeding and validating Aadhaar numbers with all States/UTs. The matter is regularly being pursued with lagging States/UTs to expedite the Aadhaar seeding with Ration Cards. In this regard, the timeline provided to States/UTs through Notification issued by the Department under section- 7 of the Aadhaar Act (amended from time to time) has been extended up to 31.12.2019.

4.33 The Committee note that in order to improve the Public Distribution System (PDS) in the country, the Department is implementing another scheme of Integrated Management of Public Distribution System (IM-PDS) with effect from April, 2018. The main objective of this scheme is to implement nation-wide portability of benefits under the National Food Security Act (NFSA). In this scheme, migratory beneficiaries/ration card holders can lift their entitled foodgrains under NFSA from any ePoS enabled Fair Price Shop (FPS) anywhere in the country without the need of getting new ration card, through ‘One Nation One Ration Card’ (ON-ORC) system. Inter-State portability of ration card holders has been implemented in four clusters of 2 adjoining States of Andhra Pradesh & Telangana, Gujarat & Maharashtra, Haryana & Rajasthan and Tamil Nadu & Kerala. This has enabled the migratory beneficiaries/ration card holders to lift their entitled foodgrains from any ePoS enabled FPS of their choice in the paired States. Under the old system, beneficiaries were dependent on single FPS and subjected to the whims of FPS owners. Under the new system, the beneficiary is free to head to any FPS in order to have good quality of foodgrains as well as service. The ration card portability will curb corruption and improve access and service quality by restraining monopolies of FPS owners.

The Committee, therefore, urge the Department of Food and Public Distribution to expedite the installation of ePoS devices at all FPS and also complete Aadhaar seeding of Ration Cards in all the States/UTs for the successful implementation of the schemes on ‘End-to-End Computerization of PDS Operations’ and ‘Integrated Management of PDS’ at the earliest in the interest of the vast population of the country particularly the migrant citizens.

(ii) Deletion of Bogus Ration Cards

4.34 Targeted Public Distribution System (Control) Order, 2015 mandates the State/UT Governments to issue ration cards to eligible applicants and to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards as well as bogus units in ration cards.

4.35 The Ministry has also informed in a written reply that under technology-led PDS reforms, Government is implementing schemes on 'End-to-End Computerization of PDS Operations' and 'Integrated Management of PDS' in all States/UTs. These schemes involve digitization of ration cards/beneficiaries data, seeding of Aadhaar numbers with digitized database which are focused towards distribution of foodgrains through electronic Point of Sale (ePoS) devices, including biometric authentication of beneficiaries. These steps have enabled the State/UT Governments to identify duplicate and ineligible ration cards/beneficiaries and take appropriate actions.

4.36 During oral evidence, the Secretary informed as under:-

“सर, जहां तक पीडीएस की बात है, कई मेम्बर्स ने पीडीएस के बारे में बात की है। आपको जानकर खुशी होगी कि पीडीएस के सिस्टम में पिछले पांच-छह साल में कई रिफॉर्म्स लाए गए हैं। हमारी एक स्कीम एंड टू एंड थी, जो कम्प्यूटराइजेशन की थी। इस स्कीम का इम्प्लिमेंटेशन मुख्य रूप से अधिकांश राज्यों में कंप्लीट हो गया है। कुछ स्टेट अभी भी बचे हुए हैं, मुख्य रूप से इस्टर्न स्टेट्स के बिहार तथा वेस्ट बंगाल में काम चल रहा है, लेकिन यह अभी पूरा नहीं हुआ है। बिहार में इसकी शुरुआत हुई है, लेकिन काम पूरा नहीं हुआ है। नार्थ-ईस्ट में जो हमारे स्टेट्स हैं, सिक्किम और त्रिपुरा को छोड़कर बाकी स्टेट्स में काम चल रहा है। मुझे आपको बताते हुए खुशी हो रही है कि सिक्किम तथा त्रिपुरा में पीडीएस सिस्टम पूरी तरह से कम्प्यूटराइज्ड हो गया है। इससे वहां के लोगों को बहुत अच्छा बेनिफिट मिल रहा है। नॉर्थ-ईस्ट के जो बाकी स्टेट्स हैं, जैसे मणिपुर, नागालैंड, मिजोरम, अरुणाचल प्रदेश और मेघालय है, वहां पर भी हम लगातार स्टेट गवर्नमेंट्स के साथ मिलकर काम कर रहे हैं। सेन्ट्रल गवर्नमेंट ने जो स्कीम चलाई थी, उसमें हम स्टेट गवर्नमेंट को सपोर्ट भी करते हैं। उसमें हम दो-तीन काम कर रहे हैं। जैसा अभी बताया गया कि गवर्नमेंट ऑफ इंडिया की ट्रांसपोर्टेशन की स्कीम है, उसमें

हम स्टेट को पैसा देते हैं। पहले पीडीएस के डीलर एफसीआई गोडाउन आकर अनाज उठाते थे। उसमें शिकायत आती थी कि वे वहीं अनाज बेच देते हैं और गांव में अनाज जाता ही नहीं है। अभी इस स्कीम में यह व्यवस्था की गई है कि स्टेट गवर्नमेंट को हम सपोर्ट करते हैं। स्टेट गवर्नमेंट एफसीआई के गोडाउन से अनाज उठाकर पीडीएस दुकान तक खुद पहुंचाएगी। उसका खर्च सेन्ट्रल तथा स्टेट गवर्नमेंट्स बियर करती हैं। अनाज को पीडीएस दुकान तक पहुंचाने तथा ट्रांसपोर्ट करने का काम पीडीएस की जिम्मेदारी नहीं होती है, बल्कि यह स्टेट गवर्नमेंट की जिम्मेदारी होती है। इसके लिए केन्द्र सरकार सहायता दे रही है।

इसके अलावा, हमने जो दूसरा काम किया है कि जितना भी राशन कार्ड है, उसको डिजिटाइज कर दिया गया है। इसके कारण हम यह काम भी कर पाते हैं कि जो डुप्लिकेट राशन कार्ड है, एक आदमी का नाम यहां भी है और उसी का नाम दूसरे जिले में भी है, उसका नाम एक शहर में है और दूसरा, गांव में भी है, इससे हम उसको हटा पाए हैं। जो बहुत सारे डुप्लिकेट राशन कार्ड थे, उनको हम खत्म कर रहे हैं। हमने जो तीसरा काम किया है, वह यह है कि कि सारे राशन कार्ड के साथ उनका आधार नंबर हम जोड़ रहे हैं।

सर, जैसा आपने देखा होगा कि सुप्रीम कोर्ट ने आधार के केस में अपने जजमेंट में बता दिया है। यह कम्प्लेसरी किया है कि सरकार का जो भी बेनिफिट मिलेगा, वहां पर आधार का होना जरूरी है। अभी हम लोग पूरे देश में इस काम को कर रहे हैं। देश में जितने राशन कार्ड हैं, 80 परसेंट से ऊपर राशन कार्ड में आधार नंबर डाला जा चुका है। उसके बाद हम सारे पीडीएस शॉप् में ई-पीओएस मशीन लगा रहे हैं। उसमें आधार के ऑथेन्टिकेशन का सिस्टम है। अब जो भी आदमी राशन कार्ड लाने जाएगा, उसको अपना आधार नंबर बताकर अंगूठे का निशान लगाना पड़ेगा। इससे उसका ऑथेन्टिकेशन होगा कि यही आदमी है, तभी उस आदमी को राशन कार्ड दिया जाएगा।

सर, आपको यह जानकर खुशी होगी कि पूरे इंडिया में 80 परसेंट से ज्यादा शॉप पर यह मशीन लगा दी गई है। वहां पर अनाज का डिस्ट्रीब्यूशन भी आधार की बेसिस पर हो रहा है। जैसा मैंने बताया कि कुछ ऐसे स्टेट्स हैं, जो अभी बचे हुए हैं, उनके लिए भी हम कोशिश कर रहे हैं। यूपी जैसे बड़े स्टेट में भी पूरी तरह से सारे दुकानों में पिछले एक साल में मशीनें लगा दी गई हैं। वहां पर आधार के ऑथेन्टिकेशन के बेसिस पर फूड ग्रेन्स का डिस्ट्रीब्यूशन हो रहा है। इसके लिए हम लगातार कोशिश कर रहे हैं और जो स्टेट बचे हुए हैं, उनके लिए भी हम चाह रहे हैं कि वहां पर यह मशीन लग जाए।“

4.37 As an outcome of digitization of ration cards/beneficiary records, de-duplication due to Aadhaar seeding, due to transfer/migration/deaths, change in economic status of beneficiaries, and during the run-up to and implementation of NFSA, as per available information from States/UTs, a total of 1.49 crore ration cards have been deleted/cancelled in all States/UTs during the last three years as per the details given below:

State/UT-wise number of Deleted* Ration Cards during 2016-20

Sl.	States/UTs	2016	2017	2018	State-wise Total
1	Andhra Pradesh	4,75,023	5,449		4,80,472
2	Andaman & Nicobar Islands	-			0
3	Arunachal Pradesh	4,396	56		4,452
4	Assam	1,08,681	42,077	1,35,250	2,86,008
5	Bihar	6,291			6,291
6	Chandigarh	-	88		88
7	Chhattisgarh	1,50,000	1,50,000		3,00,000
8	Dadra & Nagar Haveli	549			549
9	Daman & Diu	101	272	4,898	5,271
10	Delhi	22,696	3,969	486	27,151
11	Goa	10,115			10,115
12	Gujarat	22,119	18,965	95,659	1,36,743
13	Haryana	19,648	29,686	2,91,926	3,41,260
14	Himachal Pradesh	1,148	172	56,858	58,178
15	Jammu and Kashmir	50,709	664		51,373
16	Jharkhand	4,46,025			4,46,025
17	Karnataka	1,44,432	3,26,382	4,572	4,75,386
18	Kerala	-	-	3,314	3,314
19	Lakshadweep	442			442
20	Madhya Pradesh	3,89,124	1,84,673		5,73,797
21	Maharashtra	11,55,908			11,55,908
22	Manipur	-	336		336
23	Meghalaya	-	-	370	370
24	Mizoram	101	559		660
25	Nagaland	-	8,521		8,521
26	Odisha	6,50,471	35,740		6,86,211
27	Puducherry	9,886			9,886
28	Punjab	-	69,945	34,972	1,04,917

29	Rajasthan	13,71,230	73,110	8,016	14,52,356
30	Sikkim	11,714	1,126		12,840
31	Tamil Nadu	84,470	9,089		93,559
32	Telangana	5,21,790			5,21,790
33	Tripura	92,728			92,728
34	Uttar Pradesh	25,86,541	44,41,748		70,28,289
35	Uttarakhand	89,984	3,18,718	1,26,268	5,34,970
36	West Bengal [§]	-	-	-	0
	Total	84,26,322	57,21,345	7,62,589	1,49,10,256

* Cards deleted due to detection of Ghost/fraudulent/duplicate/ineligible/migration /deaths, etc. during the process of digitization, de-duplication, Aadhaar seeding in run-up /implementation of NFSA. The information is compiled as per information received from the States/UTs.

[§] West Bengal has individual Ration Cards system

4.38 The Committee note that under technology-led PDS reforms by the Department such as digitization of ration cards/beneficiary records, de-duplication due to Aadhaar seeding, due to transfer/migration/death and change in economic status of beneficiaries etc., a total of 1.49 crore bogus ration cards have been detected/ cancelled in all States/UTs during the years 2016 to 2018. The Committee desire that the Department should take even more pro-active steps in consultation with State/UT Governments to review the list of eligible households comprising of priority households and AAY households on continuous basis while ensuring that genuine/eligible households are not deprived of the benefits of the Public Distribution System.

(iii) Leakages/Diversion of Foodgrains

4.39 The Ministry has stated that with a view to curbing leakages and diversion of foodgrains and bringing transparency in the implementation of PDS, the Government is implementing scheme of 'End-to-End Computerization of PDS operations', under which technical and financial assistance is provided to States/UTs. Under the End-to-End Computerization of PDS operations, funds of Rs. 23.98 crore were provided in RE 2018-19. The expenditure under the scheme End to End Computerization of PDS operations was Rs. 15.75 crore.

4.40 The Ministry has further stated that under PDS reforms, to bring transparency in the distribution of foodgrains, the electronic Point of Sale (ePoS) devices are being installed at the FPSs for electronic distribution and record keeping of all transactions and authentication of beneficiaries to enable rightful targeting and plug leakages and diversion of foodgrains. In the endeavour, 19 States/UTs have completed the installation of ePoS devices in almost all FPSs. The State/UT-wise details regarding installation of ePoS are as under:-

Sl. No.	States/UTs	No. of Ration Cards under NFSA	Digitization of Ration Cards	Aadhaar Seeding with Ration Cards	Online Allocation of Foodgrains	Computerization of Supply Chain Management	Toll-Free/Online Grievance Redressal	No. of Fair Price Shops (FPSs)	No. of FPSs with Operational ePoS
1	Andhra	92,45,721	100%	100%	Implemented	Implemented	Yes	28,936	28,936
2	A & N	16,157	100%	97%	Implemented	Implemented	Yes	479	459
3	Arunachal	1,77,607	100%	57%	Implemented	-	Yes	1,943	25
4	Assam	57,87,082	100%	0%	Implemented	-	Yes	38,237	0
5	Bihar	1,66,55,129	100%	78%	Implemented	Implemented	Yes	41,483	6,371
6	Chandigarh	70,415	100%	100%	NA	NA	Yes	NA	NA
7	Chhattisgarh	52,82,952	100%	98%	Implemented	Implemented	Yes	12,304	11,971
8	Dadra & N	45,536	100%	100%	Implemented	Implemented	Yes	63	63
9	Daman &	20,022	100%	100%	Implemented	Implemented	Yes	51	51
10	Delhi	17,38,774	100%	100%	Implemented	Implemented	Yes	2,254	0
11	Goa	1,41,905	100%	98%	Implemented	Implemented	Yes	456	456
12	Gujarat	66,40,419	100%	99%	Implemented	Implemented	Yes	17,210	17,210
13	Haryana	26,97,081	100%	100%	Implemented	Implemented	Yes	9,526	9,526

Sl. No.	States/UTs	No. of Ration Cards under NFSA	Digitization of Ration Cards	Aadhaar Seeding with Ration Cards	Online Allocation of Foodgrains	Computerization of Supply Chain Management	Toll-Free/ Online Grievance Redressal	No. of Fair Price Shops (FPSs)	No. of FPSs with Operational ePoS
14	Himachal Pradesh	6,81,096	100%	100%	Implemented	Implemented	Yes	4,934	4,934
15	Jammu & Kashmir	16,75,537	100%	82%	Implemented	-	Yes	6,411	6,411
16	Jharkhand	57,11,436	100%	95%	Implemented	Implemented	Yes	25,532	25,532
17	Karnataka	1,26,04,402	100%	100%	Implemented	Implemented	Yes	19,935	19,732
18	Kerala	36,89,729	100%	99%	Implemented	implemented	Yes	14,374	14,335
19	Lakshadweep	5,154	100%	100%	Implemented	NA	Yes	39	39
20	Madhya	1,17,47,674	100%	90%	Implemented	Implemented	Yes	24,732	24,619
21	Maharashtra	1,49,73,451	100%	97%	Implemented	Implemented	Yes	52,532	52,532
22	Manipur	5,88,819	100%	79%	Implemented	-	Yes	2,682	10
23	Meghalaya	4,22,547	100%	0%	Implemented	-	Yes	4,736	10
24	Mizoram	1,54,376	100%	93%	Implemented	-	Yes	1,252	0
25	Nagaland	2,75,959	100%	65%	Implemented	-	Yes	1,691	0
26	Odisha	89,11,504	100%	96%	Implemented	Implemented	Yes	12,577	12,577
27	Puducherry	1,77,792	100%	100%	NA	NA	Yes	NA	NA
28	Punjab	35,91,949	100%	99%	Implemented	Implemented	Yes	17,525	17,525
29	Rajasthan	1,08,95,750	100%	96%	Implemented	Implemented	Yes	26,745	26,063
30	Sikkim	94,372	100%	90%	Implemented	Implemented	Yes	1,362	1,352
31	Tamil Nadu	1,01,05,214	100%	100%	Implemented	Implemented	Yes	34,776	34,776
32	Telangana	53,16,166	100%	99%	Implemented	Implemented	Yes	17,170	17,170
33	Tripura	5,78,905	100%	100%	Implemented	Implemented	Yes	1,806	1,806
34	Uttar Pradesh	3,57,44,195	100%	100%	Implemented	implemented	Yes	80,493	80,493
35	Uttarakhand	13,32,758	100%	93%	Implemented	implemented	Yes	9,908	4,987
36	West Bengal	5,63,38,972	100%	64%	Implemented	Implemented	Yes	20,806	16,030
	Total	23,41,36,557	100%	87.88%	34	26	36	5,34,960	4,36,001

4.41 The Committee note that, with a view to curbing leakages and diversion of foodgrains and bringing transparency in implementation of PDS, the Government is implementing the scheme of End-to-End Computerization of PDS operations under which technical and financial assistance is provided to States/UTs. The Committee further note that an amount of Rs. 23.98 crore was provided in RE 2018-19 under the scheme, out of which only Rs. 15.75 crore were spent. Further, under one of the several PDS reforms, 19 States/UTs have completed the installation of ePoS devices in almost all Fair Price Shops (FPS) which will ensure transparency in the distribution of foodgrains. The Committee are of the view that diversion of foodgrains meant for poorest of the poor is one of the biggest menace in the functioning of this important welfare scheme of the Government i.e. Public Distribution System. The Committee, therefore, desire that the Department should make vigorous efforts to expedite installation of ePoS devices in all FPSs in all the States/UTs by using the funds available at their disposal for ensuring electronic distribution and record keeping of all transactions and authentication of beneficiaries to enable rightful targeting and plug leakages and diversion of foodgrains. The Committee also desire that stock carried forward to next month at FPSs should be regularly checked on monthly basis.

CHAPTER V

FOOD CORPORATION OF INDIA (FCI)

The Food Corporation of India (FCI) was set up in 1965 under an Act of Parliament namely the Food Corporations Act, 1964. The primary duty of the Corporation is to undertake purchase, procurement, storage, movement, transportation, distribution and sale of foodgrains. As the principal implementing agency of the food policy of Government of India, the FCI undertakes procurement of foodgrains at the minimum support price to provide remunerative prices to farmers and also to prevent distress sale of their produce. The FCI also maintains a satisfactory level of operational and buffer stocks of foodgrains to ensure national food security. It offers foodgrains to various State Governments for being distributed to consumers through a wide network of fair price shops under the Public Distribution System (PDS), at the Central Issue Price fixed by the Government.

5.2 Since the FCI is established under a special Act of Parliament and does not come under the Companies Act, hence the capital of FCI is in the form of Equity only and is not divided into shares.

(a) Dues and Liabilities of FCI

5.3 The Ministry has informed the outstanding dues of FCI to be recovered from various Ministries on account of providing foodgrains for various welfare schemes on payment basis during the years 2016-17, 2017-18 and 2018-19 which are reproduced as under:

- (i) **Ministry of Rural Development: against the food grains supplied under Samporna Gramin Rozgar Yojana (SGRY) Schemes upto 31.03.2008**

(Rs. In Crore)

Year	Amount Received	Balance as on 31 st March.
2015-16	NIL	2452.96
2016-17	NIL	2452.96
2017-18	NIL	2452.96
2018-19	NIL	2452.96

Schemes have closed on 31.03.2008.

(ii) **Ministry of Human Resource Development (HRD):- against the foodgrains supplied under Mid-Day Meal (MDM) scheme**
(Rs. In Crore)

Year	Amount Received	Balance as on 31st March.
2016-17	676.52	220.22
2017-18	552.91	179.05
2018-19	487.88	160.22

In case of Min. of HRD, Revolving Fund of Rs. 400 crore has been provided by the Ministry for due amount.

The following amount is recoverable from Ministry of External Affairs relating to wheat issued to World Food Programme (WFP) for supply of fortified biscuits to Afghanistan under Government of India's donation to Afghanistan:

Period	Opening Balance	Billing	Payment Received	Closing Balance
2015-16	156,71,81,377	33,77,788	109,01,67,354	48,03,91,811
2016-17	48,03,91,811	28,94,677	33,77,788	47,99,08,700
2017-18	47,99,08,700	227,75,55,812	162,18,43,593	113,56,20,919
2018-19	113,56,20,919	55,66,24,517	121,23,36,736	47,99,08,700

5.4 Asked about the time limit within which Ministries are required to make payment of outstanding dues, the Department informed that no time limit was there in case of Ministry of Rural Development (RD) earlier for issues under Sampoorna Grameen Rozgar Yojana (SGRY) Schemes. Under decentralized scheme of payment in Mid-Day Meal (MDM), there is time limit of 20 days for making payment after submission of bills in the subsequent month (time for submission has been decided 10 days) by the District Authorities, but it is not being adhered to strictly.

5.5 Regarding the steps taken to liquidate the outstanding dues of FCI over the years, the Ministry informed that Department of Food & Public Distribution and FCI are pursuing the matter with the concerned Ministries for liquidating the outstanding dues of FCI. The Department had convened meetings on 25.07.2018 & 28.12.2018 with

concerned Ministries/Departments and these Departments were requested repeatedly to expedite the liquidation of the outstanding dues *vide* letters dated 17.01.2019, 11.02.2019, 28.03.2019 and 05.07.2019.

5.6 The Committee are very much concerned to note that a large amount of FCI dues are still outstanding against the Ministry of Rural Development (RD), Ministry of Human Resource Development (HRD) and Ministry of External Affairs on account of foodgrains provided to them by FCI under various welfare schemes on payment basis.

The Committee are surprised to note that no time limit has been fixed for making payment by the Ministry of Rural Development for foodgrains supplied under Sampoorna Grameen Rozgar Yajana (SGRY) Schemes which had been closed on 31.03.2008. In respect of Mid-Day Meal Scheme (MDM) of the Ministry of Human Resource Development, there is time limit of 20 days for making payment after submission of bills in the subsequent month (time for submission of bills is 10 days) by the District Authorities under the Decentralized Scheme of Payment. However, the prescribed time limit is not adhered to strictly by the Ministry of Human Resource Development/District Authorities. The Committee find that despite various steps taken by the Department of Food and Public Distribution and FCI and convening various meetings with the concerned Ministries/Departments and making regular correspondence, the arrears have not been cleared. The Committee view this with grave concern, keeping in view the fact that the FCI itself has a huge amount of loan liability and has to pay interest thereon resulting in requirement of more subsidy for it. The amount of dues realised by FCI from the Ministries of Rural Development, HRD and External Affairs may be utilized for reducing its own loan liability.

The Committee, therefore, reiterate their recommendation made in their earlier reports for liquidation of these outstanding dues of FCI at the earliest in a

time bound manner and apprise the Committee of the further action taken by the Government in this regard and the outcome thereof.

(b) Storage – covered and open alongwith utilization status

5.7 The Committee have been furnished with the following statement showing total storage capacity available with the FCI, stocks held therein and capacity utilization during the last three years:-

(Fig. in LMT)

Year		COVERED			CAP			GRAND TOTAL
		OWNED	HIRED	TOTAL	OWNED	HIRED	TOTAL	
2016-17	CAPACITY	128.16	201.75	329.91	26.02	0.14	26.16	356.07
	STOCK	72.76	160.31	233.07	0.65	0.15	0.80	233.87
	UTILISATION %	57	79	71	2	105	3	66
2017-18	CAPACITY	128.22	226.42	354.06	26.68	1.43	26.02	379.88
	STOCK	84.16	191.28	275.44	1.37	0	1.37	276.18
	UTILISATION%	66	84	78	5	0	5	73
2018-19	CAPACITY	128.32	232.33	360.65	26.02	0.45	26.47	387.12
	STOCKS	95.07	205.05	300.12	2.22	0.42	2.64	302.76
	UTILIZATION%	74	88	83	9	93	10	78.21
	AVERAGE UTILIZATION %							

5.8 The utilization of storage capacity available with FCI from January, 2019 to August, 2019 is given as under:

Month		COVERED				CAP			GRAND TOTAL
		OWNED	TOTAL HIRED		TOTAL COVERED	OWNED	HIRED	TOTAL CAP	
			Silo	TOTAL HIRED					
31-01-2019	CAPACITY	128.42	4.75	228.03	361.20	26.02	0.01	26.03	387.23
	STOCKS	91.84	4.01	190.72	286.57	0.85	0.01	0.86	287.43
	UTILIZATION(%)	72	84	84	79	3	100	3	74
28-02-2019	CAPACITY	128.28	4.75	227.56	360.59	26.02	0.00	26.02	386.61
	STOCKS	96.21	3.76	198.85	298.82	0.52	0.00	0.52	299.34
	UTILIZATION(%)	75	79	87	83	2	0	2	77
31-03-2019	CAPACITY	127.33	4.75	230.55	362.63	26.02	0.00	26.02	388.65
	STOCKS	98.70	3.56	203.75	306.01	0.24	0.00	0.24	306.25
	UTILIZATION(%)	78	75	88	84	1	0	1	79
30-04-2019	CAPACITY	127.33	3.50	235.06	365.89	26.02	0.00	26.02	391.91
	STOCKS	100.18	3.00	211.66	315.02	1.03	0.00	1.03	316.05
	UTILIZATION(%)	79	86	90	86	4	0	4	81
31-05-2019	CAPACITY	127.33	3.50	242.94	373.77	26.02	1.04	27.06	400.83
	STOCKS	107.76	3.76	222.59	334.11	4.70	1.19	5.89	340.00

	UTILIZATION(%)	85	107	92	89	18	114	22	85
30-06-2019	CAPACITY	127.33	4.00	248.17	379.50	26.02	1.79	27.81	407.31
	STOCKS	109.30	3.95	252.08	365.33	6.58	2.62	9.20	374.53
	UTILIZATION(%)	86	99	102	96	25	146	33	92
31-07-2019	CAPACITY	127.46	4.00	250.20	381.66	26.02	1.12	27.14	408.80
	STOCKS	107.46	3.81	246.08	357.35	5.60	1.41	7.01	364.36
	UTILIZATION(%)	84	95	98	94	22	126	26	89
31-08-2019	CAPACITY	127.46	5.50	249.62	382.58	26.02	0.45	26.47	409.05
	STOCKS	106.08	5.94	240.76	352.78	4.83	0.73	5.56	358.34
	UTILIZATION(%)	83	108	97	92	19	162	21	88

The overall utilization of capacity has been between 74-92% and the capacity utilization of covered capacity, which is a preferred mode of storage, has been between 79-96% during these months. For Covered and Plinth (CAP) storage, the capacity utilization has been in the range from 1-33% as storage in CAP is being discouraged.

5.9 Apart from owned capacity, FCI hires capacities from Central Warehousing Corporation (CWC)/State Warehousing Corporations (SWCs)/Private Parties/ State agencies etc. As far as the lower utilization of owned capacity as compared to the hired capacity is concerned, the Department stated that this is a rather natural phenomenon due to the following reasons:

- The storage capacity is hired only when there is absolute necessity for the same and hence it becomes all the more desirable for it to be fully/more utilized.
- The owned capacity once constructed at a particular place/location cannot be shifted even if capacity is required at a different location due to changed procurement pattern or change in off take of foodgrains on account of consumer preference etc., whereas the hired capacity can be de hired and re hired as per the requirement making its utilization more flexible than the owned capacity.
- Owned capacities are created at certain remote/hill areas also keeping in view the regional requirements where private parties do not come forward to offer hired capacity. Higher utilization of capacity in such places is not possible due to various factors such as difficult terrain, improper infrastructure, climatic conditions, limitation of railways/other transportation facilities etc. Examples of the same are North-Eastern Zone, Himachal Pradesh, Jammu & Kashmir etc.
- Many a times hired capacity is taken on AUB (Actual Utilization Basis) where the capacity hired is shown equal to stock stored therein making the capacity utilization 100% thereby increasing the overall capacity utilization of hired capacity as compared to owned capacity.

- Some part of the owned capacity remains under repair and maintenance resulting in overall less utilization as compared to hired capacity because the hired capacity is taken only when it is fully storage worthy.
- Often it is not cost effective to undertake long distance transportation and double handling of food grains just to ensure utilization of FCI vacant space at far off places instead of hiring fresh storage space at the place where it is required because of proximity to the procurement or consumption centres.
- CAP capacity is used only for storage of wheat and many a times this becomes the reason for low utilization of CAP capacity as compared to covered capacity which can be used for all the commodities. However, the underlying fact remains that the CAP storage capacity constitute a small fraction of total storage capacity i.e only 26.03 LMT against 387.23 MT of total owned capacity of FCI.

The Ministry further stated that adequate checks and balances are in place in the form of Internal Audit and Comptroller & Auditor General (CAG) audit so as to ensure proper utilization of available capacity whether owned or hired and to ensure that no infructuous expenditure is made on account of rental charges by hiring the godowns unnecessarily. Review of capacity utilization is also carried out by Regional Offices (RO)/ Zonal Offices (ZO)/FCI Head Quarters (HQs) to ensure optimum utilization of storage capacity and to minimize the cost of storage.

5.10 When asked whether sufficient storage is available to stock the buffer and operational stock of foodgrains, the Ministry replied in the affirmative, stating that the present storage capacity is sufficient to store the buffer and the operational stock of foodgrains. As on 31.08.2019, the total storage capacity available with FCI and State agencies for storage of Central pool stocks was 878.92 LMT, comprising covered capacity of 734.49 LMT and CAP capacity of 144.43 LMT, which is much more than the Central Pool Stock (revised) of 676.38 LMT as on 01.09.2019.

5.11 The Secretary, Department of Food and Public Distribution, during course of oral evidence, stated as under:-

“Our policy now has been not to construct our godowns but only hire private godowns for storage of the central pool stocks. So, we do not have any surplus storage space to give it to private sector on rent or

something and earn revenue. So, model of FCI is also not to earn revenue but only to meet the requirement and mandate of the Government. In only North-Eastern States, we have a specific scheme for storage. It is because the private people do not come forward there to offer storage infrastructure. So, we have tried that private people come and construct and then they provide us on a rental. But people do not come forward there so we have provided this under the scheme and are constructing godowns there.”

5.12 The Committee note that adequate checks and balances are in place in the form of Internal Audit and Comptroller & Auditor General (CAG) audit so as to ensure proper utilization of available storage capacity whether owned or hired. Review of capacity utilization is also carried out by Regional Offices/Zonal Offices/ FCI Headquarters to ensure optimum utilization of storage capacity. However, capacity utilization of FCI during 2018-19 for Covered (owned storage capacity) is 74% and for Covered (hired storage capacity) is 88%. Further, capacity utilization of FCI during 2018-19 for CAP (owned storage capacity) is only 9% but CAP (hired capacity) is 93%. The Committee fail to understand the reasons for such a gross under- utilization of owned CAP storage capacity which is 9% only. The Committee feel that adequate efforts were not made to utilize the CAP space owned by FCI. The Committee are not convinced with the reasons cited by the Department for under-utilization of owned capacity, such as, owned capacity remains under repair and maintenance; it is not cost effective to take long distance transportation etc. The Committee, therefore, desire that hiring of godowns Covered as well as CAP are resorted to only when it is absolutely essential or where owned storage capacity of FCI is not available so as to incur minimum expenditure on account of hiring storage capacity. FCI should ensure that their owned capacity is utilized to the maximum before hiring any storage capacity in order to save the scarce funds being spent on hiring the storage space to the extent possible.

The Committee would also like to be apprised of the detailed process of making contracts/tenders for hiring the storage space so as to enable the Committee to analyze the position and comment further in this regard.

(c) Construction of Storage Godowns

5.13 When asked about storage capacity constructed by FCI during the last three years i.e. 2016-17, 2017-18 and 2018-19 and physical and financial targets and actual achievement for construction of godowns in the wake of implementation of NFSA 2013, the Ministry informed that the FCI's owned storage capacity is constructed under Central Sector Scheme. Moreover, FCI is augmenting capacity through private investors, CWC and SWCs in PPP mode under Private Entrepreneur's Guarantee (PEG) scheme.

The year-wise details of capacity added *vis-a-vis* targets under PEG scheme are as below:-

Year	Target (in LMT)	Capacity added under PEG scheme(in LMT)
2016-17	Nil	3.90
2017-18	Nil	4.06
2018-19	Nil	1.40
Total	Nil	9.36

The capacity of silos constructed by FCI/State Governments during the last three years i.e. 2016-17, 2017-18 and 2018-19 is as under:

Year	Target completion (in LMT)	Capacity completed (in LMT)
2016-17	5.00	6.00
2017-18	15.00	0.25
2018-19	30.00	0.50
2019-20 (up to 31.08.2019)	50.00	0.50
Total	100	7.25

5.14 In case of construction of silos with railway sidings, the primary bottleneck in implementation of the projects remains the requirement of land. Hence, to mitigate this problem thorough review has been done with railway authorities as well as with State Governments to explore the possibility of identifying Railway land or State Government land for construction of silos. However, Railways has conveyed its inability to provide

land. Further, barring one or two locations in Punjab and Haryana, land for silos could not be made available by State Governments.

5.15 In order to solve this issue, FCI has contracted M/s RITES to study whether a hub and spoke model of silos with containerized movement would be more effective. The model envisages road side 'Spoke' silo feeding a Container Rail Terminal (CRT) 'Hub silo' in both procuring and consuming regions. FCI plans to modify the existing configuration of silo projects including bulk handling & transportation.

5.16 It has been envisaged to construct only stand-alone silos of appropriate capacity both in procuring & consuming areas with capacities smaller than/upto 50,000 MT scattered over a large number of catchment areas in the procuring locations and near to end consumers in the consuming area. A cluster of stand-alone silos in procuring regions within a radius of say 50 km may be linked to CRT/existing FCI silo/Private Freight Terminal (PFT) to be developed. Similar facilities in consuming region may be linked to a number of stand-alone consuming silos within a radius of say 100 km. Hence, the silos will need smaller land parcel and less capital investment on curtailed land parcel.

In addition, FCI is creating new godowns using Plan/Central funds with focus on North Eastern States. The physical and financial performance during the last three years under Central Sector (Erstwhile Plan) Scheme is given below:

Year	Physical (MT)		Financial (in Rs. Cr.)	
	Targets	Achievement	Targets	Achievement (expenditure made by FCI)
2016-17				
North East	47,200	3980	50.00	54.37
Other than North East	15,000	0	6.50	2.08
Total	62200	3980	56.50	56.45
2017-18				
North East	32,530	7,930	47.00	42.62
Other than North East	15000	0	10.49	5.87
Total	47530	7,930	57.49	48.49
2018-19				
North East	22,100	17,100	42.50	52.44
Other than North East	18,340	18,340	2.50	9.46
Total	40,440	35,440	45.00	61.90

5.17 The Ministry further informed the State-wise details of capacity under construction in PEG scheme (as on 31.08.2019) as reproduced under:-

Sl. No.	State	Capacity under construction (in MT)
1	Andhra Pradesh	25,000
2	Haryana	47,230
3	Himachal Pradesh	70,030
4	Jammu & Kashmir	86,660
5	Jharkhand	80,000
6	Madhya Pradesh	76,500
7	Odisha	5,000
8	Tamil Nadu	10,000
9	Telangana	50,000
10	Uttar Pradesh	35,000
11	West Bengal	90,000
	Total	5,75,420

The details of the silos under construction in different States of the country are as under:

(Fig. in LMT)

Agency	State	Completed	Under Implementation	Total
FCI	Assam	0	0.5	0.5*
	Bihar	0	6	6
	Delhi	0	0.5	0.5
	Gujarat	0	2.5	2.5
	Haryana	0	3	3
	Maharashtra	0	0.5	0.5
	Punjab	1.25	3	4.25
	Uttar Pradesh	0	4.5	4.5
	West Bengal	0	0.5	0.5
Total		1.25	21.00	22.25
State Govt.	Madhya Pradesh	4.5	0	4.5
	Punjab	1.5	0	1.5
Total		6.00	0	6.00
Grand Total		7.25	21.00	28.25

* FCI has awarded silo capacity of 50,000 MT under Viability Gap Funding (VGF) mode at Changsari in Assam. The project is under implementation and is likely to be completed by 01.05.2021 (without railway siding). No other silo capacity is being constructed in North Eastern States, erstwhile State of Jammu & Kashmir, Andaman & Nicobar and Lakshadweep Islands.

5.18 The details of construction of godowns under Central Sector Scheme which are in progress in the country are given below:-

S. No.	State	Location	Capacity (in MT)
1.	Assam	Jonai (Dhemaji)	20000
2.	Arunachal Pradesh	Aalo	1670
		Roing	1120
3.	Manipur	Churachandpur	2500
		Tamenglong	5000
4.	Meghalaya	Baghmara	2500
		Tura *	2500
5.	Himachal Pradesh	Mandi	3340
		Palampur	2240
		Recongpeo	640

*Godown storage worthy, balance ancillary works under progress.

The details of construction of godowns which are in progress in the country are given below:-

Progress of construction of storage godowns under Central Sector Scheme from 01.04.2017 to 31.08.2019 by FCI

(A)

North Eastern region:-

Sl. No.	State	Location	Capacity (MT)
a. Capacity completed			
1	Nagaland	Kohima	4590
2	Arunachal Pradesh	Bomdila	3340
3	Manipur	Imphal East	10,000
		Bishnupur (approved 5000 MT)	4,600
		Thoubal	2500
Total			25,030
b. Work awarded (Work in Progress)			
4	Assam	Jonai/Dhemaji	20000
5	Arunachal Pradesh	Aalo	1670
		Roing	1120
6	Manipur	Churachandpur	2500
		Tamenglong	5000
7	Meghalaya	Baghmara	2500
Total			32,790
c. Work being taken up (Land received)			
8	Mizoram	Sairang	10000
9	Assam	Kokrajhar	15000 (approved 2500 MT)
Total			25000
d. Land identified			
10	Assam	Silchar	20000
11	Tripura	Sekerkote	20000
12	Sikkim	Dentum	5000 (approved 3500 MT)
Total			45,000
e. Land yet to be identified			
13	Meghalaya	Umroi	5000
Grand Total (a+b+c+d+e)			1,32,820#

In addition to above, residual/ Misc. Work is in progress at 2 locations namely, Tura (Meghalaya) and Seppa (Arunachal Pradesh) approved under 12th FYP.

(B) . Areas other than North East

Sl. No	State	Location	Capacity (MT)
a. Capacity completed			
1	Kerala	Angadipuram (existing land)	5000
		West Hill (existing land)	10000
2	Himachal Pradesh	Kangra	3340
Total			18,340
b. Work awarded (Work in Progress)			
3	Himachal Pradesh	Palampur	2240
		Mandi	3340
		Recongpeo	640
Total			6,220
c. Land identified			
4	Jharkhand	Poreyahaat	10,000
		Itkhor	10,000
		Dumka Ph- II	15000 (approved 20,000)
5	Himachal Pradesh	Shoghi	1660
Total			36660
d. Land yet to be Identified			
6	Jharkhand	Mehrma	10000
		Dumka Ph- I	15000
Total			25000
e. Shortfall due to constraint of size			
	Jharkhand	Dumka Ph-II	5,000
Grand Total (a+b+c+d+e)			91,220

As regards construction of godowns in the erstwhile State of Jammu & Kashmir, North Eastern States and Lakshadweep under the Central Sector Scheme (2017-20) there is no proposal by FCI to augment /construct godowns in the erstwhile State of Jammu & Kashmir and Andaman & Nicobar and Lakshadweep Islands. However, the godowns are being constructed in North East Region including Sikkim under Central Sector Scheme (2017-20).

As regards problems being faced by FCI in construction of godown in NE Region, they are mainly due to difficult terrains, frequent bandhs and issues with regard to land

acquisition, law and order situation and inclement weather which affected construction work in North Eastern States.

5.19 The various projects of construction of godowns are monitored by Food Corporation of India (FCI) at various levels from Chairman and Managing Director (C&MD), Executive Directors (ED), ED (Zones) and General Managers (GM) /GM(Regions) by arranging regular meetings in Headquarters as well as in North Eastern States with the Chief Secretaries or other Senior officers of the State Govt. FCI also pursues with Central/State Governments executing agencies by writing DO letters at the level of C&MD and EDs. In addition, the Department of Food and Public Distribution also monitors the progress and expedites the State Governments for unresolved issues like land acquisition. Meetings are also held at the level of Additional Secretary (Storage) and Secretary, Food & Public Distribution (F&PD) to review the progress of implementation of this scheme.

5.20 When asked whether there is any problem of storage in new procurement areas/DCP States, the Ministry stated that the present storage capacity is sufficient to store the buffer and the operational stock of foodgrains. Further, if required, General Manager (GM-Region), FCI has full powers to hire/de-hire additional capacity.

5.21 In reply to a query whether there is any proposal for creation of storage capacity with public/private partnership, the Department informed that godowns of capacity 142.75 lakh MT have been added through Public Private Partnership (PPP) mode under Private Entrepreneurs Guarantee (PEG) Scheme (as on 31.08.2019). In addition to conventional godowns, the Department has also approved an action plan for construction of steel silos in the country for a capacity of 100 LMT in Public Private Partnership (PPP) mode by 2020, for modernizing storage infrastructure and improving shelf life of stored foodgrains. Under this road map as on 31.08.2019, a capacity of 7.25 LMT silos has already been completed.

5.22 The Committee note that FCI's owned storage capacity is constructed under Central Sector Scheme and the FCI is also augmenting capacity through private investors, CWC and SWCs in Public Private Partnership (PPP) mode under Private Entrepreneurs Guarantee (PEG) Scheme. However, the Food Corporation of India (FCI) could not achieve physical and financial targets set for construction of godowns during 2018-19 in respect of the North-Eastern (NE) States. The Committee also note that physical target set for construction of godowns during 2018-19 in North-Eastern States was 22,100 MT and actual achievement was 17,100 MT. The Department has informed that the problems being faced by FCI in construction of godowns in NE Region are mainly due to difficult terrains, frequent bandhs and issues with regard to land acquisition, law and order situation and inclement weather which adversely affected construction work in the North Eastern States. Inadequacy of storage space in any State poses a serious threat to smooth functioning of Public Distribution System. The Committee, therefore, desire that the Department of Food and Public Distribution should take up the matter urgently at highest level and pursue with the State Governments for acquisition of lands and take over the lands already acquired in these States. The Committee further desire the Department to include the North-Eastern States in its perspective plan drawn for the coming years and make sincere efforts for achieving physical and financial targets for construction of godowns.

5.23 The Committee note that the target for construction of steel silos by FCI/State Governments during 2019-20 is 50 LMT but capacity completed upto 31.08.2019 was only 0.50 LMT. The Committee further note that in case of construction of silos with railway siding, the primary bottleneck in implementation of the projects remains the requirement of land. In order to solve the issue, FCI has contracted M/s RITES to study whether a hub-and-spoke model of silos with containerized movement would be more effective. In this connection, the Ministry has envisaged to construct only stand-alone silos of appropriate capacity both in procuring & consuming areas with capacities smaller than/upto 50,000 MT scattered over a large number of catchment areas in the procuring locations and near to end consumers in the consuming areas. A cluster of stand-alone silos in procuring regions within a radius of say 50 Km may be linked to Container Rail Terminal (CRT)/existing FCI silo/Private Freight Terminal (PFT). Similar facilities in consuming region may be linked to a number of stand-alone consuming silos within a radius of say 100 km. Hence, the silos will need smaller land parcel and less capital investment on curtailed land parcel. The Department has also approved an action plan for construction of steel silos in the country for a capacity of 100 LMT in Public Private Partnership (PPP) mode by 2020, for modernizing storage infrastructure and improving shelf life of stored foodgrains. The Committee understand that the use of storage silo has several advantages as they need less area to store the same amount of foodgrains as compared to the conventional warehouse. Moreover, the foodgrains are stored in optimal conditions in silos besides being cost effective. The Committee, therefore, recommend that the Ministry should make sincere efforts to speedily achieve the

set targets for construction of silos by closely monitoring the progress of various projects at the highest level of the Government.

(d) Storage and Transit Losses

5.24 The Department has furnished the following details of actual storage, transit and pilferage losses in terms of quantity and value for the last three years suffered by FCI:-

(Qty. in MT, Value in lakh Rs)

Commodity	Years	2016-17		2017-18		2018-19(Provisional)	
		Qty.	Value	Qty.	Value	Qty.	Value
Wheat	Transit loss	58464.944	10643.25	35037.696	6721.42	29175.723	5,769.09
	Storage Loss	-81930.574	-14918.74	-88515.797	-16980.87	-81328.013	-16,081.48
	Theft/pilferage	118.418	21.56	10.750	2.06	125.506	24.82
Rice	Transit loss	74029.498	20770.84	77531.721	21924.50	74304.404	21,480.14
	Storage Loss	172147.238	48081.36	176780.872	49959.42	181486.895	52,423.16
	Theft/pilferage	109.704	31.25	94.672	27.12	438.718	122.49
Paddy	Transit loss	-125.200	-24.18	-32.768	-6.27	4.780	0.88
	Storage Loss	-150.817	-29.16	-84.725	-16.09	18.341	3.03
	Theft/pilferage	0.000	0.00	0.000	0.00	0.000	0.00

*(-) denotes gain

5.25 When asked about the measures that have been taken/are being taken to obviate such losses, the Department informed as under:-

Steps taken to control storage losses:

- The position of storage losses is being reviewed in every MPR meeting and monitored regularly at HQ level and EDs (Zone)/GMs(R) are instructed to intensify inspections of depots showing higher storage losses.
- Covered storage capacity has been added so that foodgrains can be stored in scientific covered storage and CAP storage can be totally avoided.
- Periodical prophylactic and curative treatment of stocks is undertaken to keep the stocks Pest-Free.
- Security staff of FCI, Home Guards and other external agencies are being deployed at depots to ensure safety and security of the stock.
- Security inspections and Surprise checks of depots are undertaken at various levels.

- Initiative has been taken to install CCTV cameras in all owned depots for surveillance and better supervision.
- Physical measures like installation of barbed wire fencing of the boundary walls, provision of street lights for illumination of godowns and proper locking of the sheds are taken to secure the godowns.
- Strict Disciplinary action is taken against the FCI staff responsible for unjustified losses if any reported from FCI depots.
- Unjustified losses noticed are recovered from the agencies like CWC/SWC and State Agencies.

Steps taken to control Transit Losses:

- The concerned EDs (Zone)/ GMs (Region) are being continuously pursued to closely monitor the trend and take effective steps to bring down the losses. Region-wise trend of TL is being reviewed in every MPR meeting and monitored regularly.
- Spreading of Polythene Sheet on the floor of railway wagons to retrieve the spilled-over grains, has been introduced.
- 'SOP' regarding Joint Verification of High TL cases has been laid down vide circulars dated 23.12.2015 and 16.02.2017.
- Depots incurring high level losses in a month are inspected at the level of EDs (Zone), GMs (Region) and other senior officers.
- Special Squad checking at selected rail heads and destination/ dispatch centres is being undertaken by the field offices.
- Proper weighment and accounting of the stocks at the time of receipt and issue is ensured.
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported.
- Deployment of Independent Consignment Certification Squad (ICCS) at the time of loading and unloading of rakes is being ensured.

Subsequently, in a written reply the Department has stated that the losses due to theft/pilferage has occurred mostly in godowns of PEG and State Governments. Since complete amount of loss has been recovered from the Bills of PEG/state government and/or the concerned individual, there is no actual loss to the FCI/GOI.

5.26 The State-wise & year-wise details of damaged foodgrains accrued in FCI godowns for last three years viz., 2016-17, 2017-18 and 2018-19 are as under:-

Details on the quantity and value of damaged foodgrains accrued in FCI during 2016-17

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.)	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.)	Total value of damaged foodgrains (in Rs.)
<u>East Zone</u>		-	-			
1	Bihar	0	0	0	0	0
2	Jharkhand	0	0	0	0	0
3	Orissa	0.744	6807.60	0.617	7785.09	14592.69
4	West Bengal	0	0	0	0	0
Zone Total		0.744	6807.60	0.617	7785.09	14592.69
<u>NE ZONE</u>		-	-			
1	Assam	7.547	69055.05	197.614	2493424.29	2562479.34
2	Arunachal Pradesh	0	0	0	0	0
3	NEF(Megh./Mizo/ Tripura)	0.276	2525.4	104.614	1319982.84	1322508.24
4	Nagaland	0	0	3	37852.95	37852.95
5	Manipur	0	0	0	0	0
Zone Total		7.823	71580.45	305.228	3851260.08	3922840.53
<u>North Zone</u>						
1	Delhi	0.213	1948.95	11.711	147765.30	149714.25
2	Haryana	0	0	0	0	0
3	Himachal Pradesh	0	0	0	0	0
4	Jammu & Kashmir	0	0	0	0	0
5	Punjab	8.488	77665.2	0	0	77665.2
6	Rajasthan	124.939	1143191.85	0	0	1143191.85
7	Uttar Pradesh	14.588	133480.2	33.189	418767.19	552247.39
8	Uttarakhand	0	0	0	0	0
Zone Total		148.228	1356286.2	44.9	566532.49	1922818.69
<u>South Zone</u>		-	-			

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.)	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.)	Total value of damaged foodgrains (in Rs.)
1	Andhra Pradesh	5.715	52292.25	0	0	52292.25
2	Kerala	12.414	113588.1	75.728	955509.40	1069097.50
3	Karnataka	0.994	9095.1	11.837	149355.12	158450.22
4	Tamil Nadu	8.153	74599.95	58.198	734321.99	808921.94
Zone Total		27.276	249575.4	145.763	1839186.51	2088761.91
West Zone		-	-		0	
1	Gujarat	118.549	1084723.35	0.694	8756.65	1093480.00
2	Maharashtra	5305.149	48542113.35	2658.218	33540464.35	82082577.7
3	Madhya Pradesh	0	0	0	0	0
4	Chhattisgarh	12.383	113304.45	0	0	113304.45
Zone Total		5436.081	49740141.15	2658.912	33549221	83289362.15
Country Total		5620.152	51424390.8	3155.420	39813985.17	91238375.97

* Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs. 9150/MT

#Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs.12617.65 /MT

(MSP of the crop year in which stocks were detected as damaged has been adopted as a base).

The value is estimated based on the assumption that stocks have been liquidated under Feed-I category.

Details on the quantity and value of damaged foodgrains accrued in FCI during 2017-18

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.)	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.)	Total value of damaged foodgrains (in Rs.)
<u>East Zone</u>		-	-			
1	Bihar	486.409	4742487.75	1130.192	14858860.26	19601348.01
2	Jharkhand	0	0	44.584	586154.76	586154.76
3	Orissa	0.315	3071.25	0	0.00	3071.25
4	West Bengal	0	0	0	0	0
Zone Total		486.724	4745559	1174.776	15445015.02	20190574.02
<u>NE ZONE</u>		-	-			
1	Assam	12.256	119496	315.454	4147336.83	4266832.83
2	Arunachal Pradesh	0	0	0	0	0
3	NEF(Megh./Mizo/ Tripura)	0	0	91.803	1206952.40	1206952.40
4	Nagaland	0	0	0	0	0
5	Manipur	0	0	0	0	0
Zone Total		12.256	119496	407.257	5354289.23	5473785.23
<u>North Zone</u>					-	
1	Delhi	13.982	136324.5	0	0	136324.5
2	Haryana	0	0	0	0	0
3	Himachal Pradesh	0	0	0	0	0
4	Jammu & Kashmir	0	0	0	0	0
5	Punjab	37.619	366785.25	173.435	2280184.632	2646969.882
6	Rajasthan	1.255	12236.25	0.049	644.2128	12880.4628
7	Uttar Pradesh	230.160	2244060	12.690	166837.97	2410897.97
8	Uttarakhand	0	0	0	0	0
Zone Total		283.016	2759406	186.174	2447666.8148	5207072.8148
<u>South Zone</u>		-	-			

1	Andhra Pradesh	0	0	0	0	0
2	Kerala	0	0	1.501	19733.95	19733.95
3	Karnataka	27.843	271469.25	47.2	620547.84	892017.09
4	Tamil Nadu	0	0	15.812	207883.53	207883.53
Zone Total		27.843	271469.25	64.513	848165.32	1119634.57
West Zone		-	-			
1	Gujarat	5.489	53517.75	0.819	10767.56	64285.31
2	Maharashtra	4.442	43309.5	10.177	133799.0544	177108.5544
3	Madhya Pradesh	0	0	0	0	0
4	Chhattisgarh	0	0	0	0	0
Zone Total		9.931	96827.25	10.996	144566.6144	241393.8644
Country Total		819.770	7992757.5	1843.716	24239702.9992	32232460.4992

* Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs. 9150/MT

#Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs.12617.65 /MT

(MSP of the crop year in which stocks were detected as damaged has been adopted as a base).

The value is estimated based on the assumption that stocks have been liquidated under Feed-I category.

Details on the quantity and value of damaged foodgrains accrued in FCI during 2018-19

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.)	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.)	Total value of damaged foodgrains (in Rs.)
East Zone		-	-			
1	Bihar	1267.687	13196621.67	2299.967	31861442.85	45058064.52
2	Jharkhand	0	0.00	31.244	432823.13	432823.13
3	Orissa	1.57	16343.70	0	0	16343.70
4	West Bengal	4.51	46949.10	7.78	107776.34	154725.44
Zone Total		1273.767	13259914.47	2338.991	32402042.32	45661956.79
NE ZONE		-	-			
1	Assam	0	0	867.733	12020705.25	12020705.25
2	Arunachal Pradesh	0	0	0	0	0
3	NEF(Megh./Mizo / Tripura)	0	0	57.982	803224.646	803224.65
4	Nagaland	0	0	0	0	0
5	Manipur	0	0	0	0	0
Zone Total		0	0.00	925.715	12823929.90	12823929.90
North Zone						
1	Delhi	1.874	19508.34	0.174	2410.42	21918.76
2	Haryana	0	0	0	0	0
3	Himachal Pradesh	0	0	0	0	0
4	Jammu & Kashmir	0	0	0	0	0
5	Punjab	19.936	207533.76	298.315	4132557.70	4340091.46
6	Rajasthan	0.158	1644.78	0	0	1644.78
7	Uttar Pradesh	17.486	182029.26	98.298	1361722.19	1543751.45
8	Uttarakhand	0	0	0	0	0
Zone Total		39.454	410716.14	396.787	5496690.31	5907406.45

South Zone		-	-			
1	Andhra Pradesh	0	0	0	0	0
2	Kerala	64.024	666489.84	48.736	675139.81	1341629.65
3	Karnataka	0	0	53.224	737312.072	737312.07
4	Tamil Nadu	0	0	6.472	89656.616	89656.62
Zone Total		64.024	666489.84	108.432	1502108.50	2168598.34
West Zone		-	-			
1	Gujarat	19.199	199861.59	0	0	199861.59
2	Maharashtra	16.151	168131.91	18.815	260644.20	428776.105
3	Madhya Pradesh	0	0	4.97	68849.41	68849.41
4	Chhattisgarh	7.057	73463.37	0	0	73463.37
Zone Total		42.407	441456.87	23.785	329493.61	770950.48
Country Total		1419.652	14778577.32	3793.710	52554264.63	67332841.95

* Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs. 9150/MT

#Calculated on tender rate for Feed-1 @ 60% of MSP i.e. Rs.12617.65 /MT

(MSP of the crop year in which stocks were detected as damaged has been adopted as a base).

The value is estimated based on the assumption that stocks have been liquidated under Feed-I category.

5.27 When enquired about the action plan of the Government to avoid such losses in future, the Ministry stated the following action plan to keep the damages to the bare minimum:

- Stocks are issued on First In First Out (FIFO) Principle
- Instructions have been issued not to store any stock in un-scientific (katcha) plinths.
- Efforts are also being made to minimize storage of foodgrains in Cover & Plinth (CAP) storage especially in consuming States.
- A drive has been launched to carry out effective prophylactic and curative treatment of stocks and regular inspections are being carried out to minimize damage to stocks.
- Damage Monitoring Cells have been set up at District, Regional and Zonal levels to regularly monitor quality of stocks and reduce damages.

5.28 Regarding the steps being taken for safe storage and preservation of foodgrains in FCI godowns, the Ministry informed that the following precautionary and remedial steps are mandated to be followed by FCI for safe storage and preservation of foodgrains:

- All godowns are constructed as per specifications.
- Foodgrains are stored by adopting proper scientific code of storage practices.
- Adequate dunnage materials such as wooden Polly crates, bamboo mats, polythene sheets are used to check migration of moisture from the floor.
- Fumigation covers, nylon ropes, nets and insecticides for control of stored grain insect pests are provided in all the godowns.
- Prophylactic (spraying of insecticides) and curative treatments (fumigation) are carried out regularly and timely in godowns for the control of stored grain insect pests.
- Effective rat control measures, both in covered godowns as well as in CAP storage are used.
- Foodgrains in 'Cover and Plinth' (CAP) storage are stored on elevated plinths and wooden crates are used as dunnage material. Stacks are to be properly covered with specifically fabricated low-density black polythene water -proof covers and tied with nylon ropes/nets.
- Regular periodic inspections of the stocks/godowns are undertaken by qualified and trained staff including senior officers.
- The principle of "First in First Out" (FIFO) is followed to the extent possible so as to avoid longer storage of foodgrains in godowns.
- Only covered rail wagons are used for movement of foodgrains so as to avoid damage during transit.

According to the Ministry, by taking above precautionary steps, the percentage of damaged foodgrains in the country has reduced from 0.04% in 2014-15 to 0.01% in 2018-19.

5.29 The Committee note that the Government has taken several steps to control storage, transit and pilferage losses such as periodical prophylactic and curative treatment, deployment of security staff, security inspections and surprise checks, installation of CCTV cameras etc. However, despite various initiatives/measures taken, the storage, transit and pilferage losses in respect of wheat and rice are still very high. Transit losses in respect of wheat have reduced to some extent i.e. Rs. 6721.42 lakhs (2017-18) to Rs. 5769.09 lakhs (2018-19). Transit loss in respect of rice during 2017-18 was Rs. 21924.50 lakhs which has been reduced to Rs. 21480.14 lakhs in 2018-19. So far as pilferage loss in respect of wheat and rice is concerned, it has gone up in 2018-19 (i.e. Rs. 24.82 lakhs and Rs. 122.49 lakhs respectively) as compared to 2017-18 (i.e. Rs. 2.06 lakhs and Rs. 27.12 lakhs respectively). The Committee also note that FCI has recovered these pilferage losses. In this context, the Committee desire to be informed of the names of individuals/godowns from whom/which the loss has been recovered. The Committee also desire the Government to ensure more stringent enforcement of the laid down preventive measures during the next financial year to wipe out such losses.

CHAPTER VI

MANAGEMENT OF SUGAR

Sugar Industry is an important agro-based industry that impacts livelihood of about 5 crore sugarcane farmers and their dependents and around 5 lakh workers directly employed in sugar mills. Employment is also generated in various ancillary activities relating to transport, trade, servicing of machinery and supply of agriculture inputs. India is the second largest producer of sugar in the world after Brazil and is also the largest consumer. Today, annual output of Indian sugar industry is worth approximately Rs. 80,000 crores.

(a) Production of Sugar

6.2 In the past, sugar production in India has been cyclic in nature. Every 3-4 years of high sugar production are followed by 2-3 years of low sugar production. From sugar season 2010-11 onwards, the production of sugar has exceeded domestic requirements in the country till the sugar season 2015-16. During sugar season 2016-17, the production was lower than the demand due to drought in major sugar producing States of Maharashtra and Karnataka. However, since 2017-18, sugar season, the production has been higher than the domestic demand. The Department has stated that because of improved variety of sugarcane, the production of sugarcane/sugar production would likely to be remain surplus in coming seasons. As such, the cyclicity in sugar production has reduced.

Details of production, consumption, demand, availability and carry-over stock, buffer stock, import-export of sugar in the country during the last three years are given below:-

(Figures in Lakh MT)

Particulars	Sugar season 2016-17	Sugar season 2017-18	Sugar season 2018-19(P)
Carry-over stocks	77.10	39.62	106.59
Production of sugar	202.27	323.87	331.30
Imports	5.00	2.50	-
Availability	284.37	365.99	437.89

Consumption / demand	244.25	253.21	260.00
Exports	0.50	6.19	36.00 (as on 30.09.2019)

(P) – Provisional.

6.3 The Acreage under sugarcane cultivation during last three years was as under:-

Sugar Season	Area under sugarcane Cultivation (Lakhs Hectare)	Increase/ Decrease over preceeding Sugar Season (Lakhs Hectare)
2016-17	45.17	(-) 4.36
2017-18	47.75	(+)2.58
2018-19	51.63	(+) 3.88

In order to encourage and incentivize farmers to produce cane, the Government announces Fair and Remunerative Prices (FRP) of sugarcane well before the commencement of every sugar season. The Central Government is also providing loans to sugar mills at concessional rate of interest from Sugar Development Fund (SDF) for sugar cane development in their command areas.

6.4 Asked about the present rate of Statutory Minimum Price for sugarcane, the Ministry stated that the Central Government fixes Fair and Remunerative Price (FRP) earlier called Statutory Minimum Price (SMP) of sugarcane having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966 viz., cost of production of sugarcane; return to the growers from alternative crops and the general trend of prices of agricultural commodities; availability of sugar to consumers at a fair price; price at which sugar produced from sugarcane is sold by sugar producers; recovery of sugar from sugarcane; realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed values; and reasonable margins for the growers of sugarcane on account of risk and profits. The FRP so fixed is based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. FRP of

sugarcane, linked to recovery rate, is uniform throughout the country and not fixed State-wise. Accordingly, FRP for 2018-19 sugar season has been fixed at Rs. 275/- per qtl. linked to a basic recovery of 10.00% subject to a premium of Rs. 2.75 per qtl. for every 0.1 percentage point increase above 10% and proportionately decreases by Rs. 2.75 per qtl. for every 0.1% decrease in recovery falling below 10% but above 9.5%. The FRP of sugarcane payable by sugar factories for each sugar season from 2016-17 and onwards is as follows:-

Sugar Season	FRP (Rs. per quintal)	Basic Recovery Level
2016-17	230.00	9.5%
2017-18	255.00	9.5%
2018-19	275.00	10.00%

6.5 The Committee are happy to note that the country has been producing sugar more than the domestic requirement from the year 2010-11 onwards (except during sugar season 2016-17), which has also encouraged export of sugar. The Committee hope that the Department should continue to make sincere efforts in encouraging sugarcane farmers to take all steps to increase sugarcane production by declaring timely and adequate Fair and Remunerative Price of Sugarcane to attract farmers for cultivation of sugarcane crop thereby ensuring adequate production of sugar by the sugar mills and to boost possible export. This will also ensure that sugarcane remains equally competitive with other food/cash crops. The Committee expect the Department to continue taking effective/vigorous steps in this regard.

(b) Sugar Development Fund (SDF)

6.6 The Government provides financial assistance to the sugar factories for various schemes under the SDF. The details of major schemes with budgetary allocation and expenditure made during the past three financial years are as under:

(in Rs. crore)

Sl. No.	Scheme	2016-2017			2017-2018			2018-19		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
1	Modernisation/Expansion	150.00	160.15	160.15	150.00	113.00	113.00	100.00	72.00	50.13
2	Cane Development	75.00	11.30	0.00	25.00	12.00	12.00	25.00	3.00	2.95
3	Cogeneration power project	200.00	230.00	230.00	200.00	263.00	263.00	200.00	150.00	150.00
4	Anhydrous alcohol or Ethanol from Alcohol	125.00	90.50	83.09	100.00	87.00	87.00	60.00	60.00	81.87
	Total	550.00	491.95	473.24	475.00	475.00	475.00	385.00	285.00	284.95

Besides the above, major schemes disbursement is also made from the SDF for various schemes. A statement showing details of the BE, RE and AE for the last three financial years for various schemes under SDF is as under:-

(in Rs. crore)

Sl. No.	Scheme	2016-2017			2017-2018			2018-19		
		BE 2016-17	RE 2016-17	Actual Expenditure upto 31.03.2017	BE 2017-18	RE 2017-18	Actual Expenditure upto 31.03.2018	BE 2018-19	RE 2018-19	Actual Expenditure upto 31.03.2019
1	Admn. Of SDF									
	Salaries	0.60	0.45	0.40	-	-	-	-	-	-
	Other Charges	20.00	40.00	39.26	26.00	23.00	23.00	26.00	25.00	25.00
2	Subsidy for maintenance of Buffer Stock of Sugar	0.00	5.00	3.18	-	-	-	-	-	-
3	Grants-in-aid for development of Sugar Industry	1.00	0.27	0.27	-	-	-	-	-	-
4	Incentive on Marketing and Promotion Services of Raw Sugar Production	30.00	41.40	41.40	-	-	-	-	-	-
5	Scheme for Extending Financial Assistance to Sugar Undertaking, 2014 (SEFASU, 2014)	800.00	642.24	616.52	470.00	385.00	376.18	200.00	160.00	133.74

6	Interest subvention on scheme for extending Soft Loan to sugar mills, 2015[Rs.4047 cr. Disbursed]	202.50	198.64	224.36	0.00	11.42	11.41	-	-	-
7	Production subsidy to sugar mills to offset cost of cane and facilitate timely payment of cane price dues to farmers	950.01	600.00	521.71	0.00	23.10	22.72	-	-	-
	Total (Revenue Section)	2004.11	1528.00	1447.10	496.00	442.52	433.31	226.00	185.00	158.74
Capital Section- SDF Loans										
1	Loan and Advances to Public Sector/Undertakings Rehabilitation/ Modernisation of Sugar Mills	150.00	160.15	160.15	150.00	113.00	113.00	100.00	72.00	50.13
2	Sugar Mills for Cane Development	75.00	11.30	0.00	25.00	12.00	12.00	25.00	3.00	2.95
3	Sugar Factories for bagasse based cogeneration power project	200.00	230.00	230.00	200.00	263.00	263.00	200.00	150.00	150.00
4	Sugar Factories for production for Anhydrous alcohol or Ethanol from Alcohol	125.00	90.50	83.09	100.00	87.00	87.00	60.00	60.00	81.87
	Total (Capital Section)	550.00	491.95	473.24	475.00	475.00	475.00	385.00	285.00	284.95
	Grand Total	2554.11	2019.95	1920.34	971.00	917.52	908.31	611.00	470.00	443.69

6.7 Under the Sugar Development Fund Act 1982 and Rules 1983, the Fund has to be utilized by the Government of India for the following.

- (i) for making loans for facilitating the rehabilitation and modernization of any sugar factory or any unit thereof;
- (ii) for making loans to any sugar factory for undertaking any scheme for development of sugarcane in the area in which any sugar factory is situated;
- (iii) for making loans to any sugar factory or any unit thereof for bagasse-based co-generation power projects with a view to improving their viability;
- (iv) for making loans to any sugar factory or any unit thereof for production of anhydrous alcohol or ethanol from alcohol with a view to improving their viability;
- (v) for making loans to Sugar Factory for conversion of existing ethanol plant into Zero Liquid Discharge (ZLD) plant;

- (vi) for making grants for the purpose of any research project aimed at the development of sugar industry;
- (vii) for defraying expenditure for the purpose of building up and maintenance of buffer stock of sugar with a view to stabilizing the price of sugar;
- (viii) for defraying expenditure on internal transport and freight charges to the sugar factories on export shipments of sugar with a view to promoting its export;
- (ix) for defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time;
- (x) Defraying expenditure on marketing and promotion service for raw sugar production;
- (xi) Defraying expenditure on Interest subvention on scheme for extending soft loan to sugar mills;
- (xii) Defraying expenditure on Production Subsidy to Sugar Mills to offset cost of cane and facilitate timely payment of cane price dues to farmers.
- (xiii) for defraying any other expenditure for the purpose of this Act.

6.8 On being enquired about the present scenario regarding sick Sugar Units in the country and the number of sugar units which were either closed down or given financial help for revival, the Ministry stated that the main reasons for sickness of the sugar mills are non-availability of adequate raw material, poor recovery from sugarcane, uneconomic size, lack of modernization, up-gradation and diversification, high cost of working capital, declaration of high State Advised Price (SAP) of sugarcane by some States, control of molasses, lack of professional management, overstaffing etc. During 2017-18 sugar season, out of 740 installed sugar mills in the country, 219 sugar units had not operated due to various reasons including financial crunches, non-availability of raw material and obsolete Plant & Machinery etc. During current sugar season 2018-19, so far only 529 sugar mills (as on 30.09.2019) were in operation.

(c) Buffer Stock of Sugar

6.9 The Department, in its written reply, has informed that the Government has allowed creation of buffer stock of sugar of 30 lakh Metric Tonnes (LMT) and 40 LMT for the period from 1st July, 2018 to 30th June, 2019 and from 1st August, 2019 to 31st July, 2020 respectively, keeping in view the surplus stocks, projected production, estimated domestic demand and projected exports.

6.10 Asked whether any time limit has been prescribed for retention of sugar stocks by the sugar mills, the Ministry stated affirmatively and informed that for each tranche buffer stock are to be maintained for one year.

6.11 The Department further informed that it is open to the sugar mills to maintain buffer stock of sugar; carrying cost are being reimbursed only to those sugar mills which have maintained buffer stock. Hence, the question of violation of stipulated period of one year for retention of sugar stock by the sugar mills does not arise.

6.12 The Committee note that the Government of India have created a buffer stock of Sugar of 30 Lakh Metric Tonnes (LMT) and 40 LMT for the period from 1st July 2018 to 30th June 2019 and from from 1st August 2019 to 31st July, 2020 respectively. The Committee are of the opinion that buffer stock of sugar is very much essential to meet any situation in the years of deficit sugar production. The Committee feel that creation of buffer stock of sugar is a positive step for the sugar industry and sugarcane farmers as it is anticipated that it would boost the industry by not only providing cash support to farmers (in the form of compensation for carrying cost of stock) but also to improve the demand/supply situation in the domestic market and the consequent support to the sugar prices. These factors could result in liquidity improvement of sugar mills, thus supporting the cane payments to farmers. This move will also certainly facilitate payment of cane arrears. The Committee, therefore, desire that Government should take appropriate measures to maintain a strategic stock of sugar after 31st July, 2020 also.

(d) Cane Price Arrears

6.13 The Sugarcane (Control) Order, 1966, contains the necessary provisions for action against defaulting sugar mills and the powers in this regard are delegated and vested with the State Governments concerned who have the necessary field formations. The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provision are vested with the State Governments/UT Administrations. Further, the Central Government advises the State Governments/UTs from time to time to ensure timely payment of cane dues to the farmers and to take action against the defaulting sugar mills.

6.14 The Ministry has intimated the following information regarding cane price arrears against the sugar mills in the country:-

STATEMENT SHOWING CANE PRICE ARREAR FOR 2018-19 SUGAR SEASON AND CANE PRICE ARREAR FOR 2017-18,2016-17 & EAERLIER SEASON (position as on 15.09.2019)					
					Rs. In crores
SL. NO.	STATE	CANE PRICE ARREARS 2018-19	CANE PRICE ARREARS 2017-18	CANE PRICE ARREARS 2016-17 & EARLIER	TOTAL CANE PRICE ARREARS
1	PUNJAB	588.96	25.61	0.00	614.57
2	HARYANA	79.50	0.00	0.00	79.50
3	RAHASTHANN	0.00	0.00	0.00	0.00
4	UTTAR PRADESH	5990.19	40.54	143.51	6174.25
5	UTTARAKHAND	286.06	108.63	24.92	419.61
6	MADHYA PRADESH	9.43	7.53	8.47	25.44
7	CHHATISGARH	38.94	2.28	0.00	41.22
8	GUJARAT	804.23	1.60	35.35	841.18
9	MAHARASHTRA	396.09	61.79	173.90	631.77
10	BIHAR	477.75	7.64	39.04	524.43
11	ANDHRA PRADESH	131.78	5.20	1.18	138.16
12	KARNATAKA	225.03	0.00	33.36	258.39

13	TAMILNADU	346.07	65.14	1529.28	1940.49
14	ODISHA	18.51	0.00	2.89	21.40
15	WEST BENGAL	0.00	0.00	0.47	0.47
16	PUDUCHERRY	0.00	0.00	22.12	22.12
17	GOA	4.95	0.00	0.00	4.95
18	TELANGANA	46.43	0.00	0.00	46.43
	TOTAL	9443.92	325.96	2014.49	11784.38

6.15 When enquired about the impact of raising of percentage of blending of ethanol from 5% to 10% on the cane price arrears, the Ministry informed that the payment of cane price arrears is an ongoing process. The increase of blending percentage of ethanol from 5% to 10% into motor fuel as well as fixation of remunerative prices of ethanol produced from different feed-stock has increased the production of ethanol for which mills are getting remunerative price thereby improving the liquidity position of sugar mills. This generation of additional revenue from sale of ethanol to OMCs has helped the sugar mills to clear the cane dues of the farmers. However, clearing cane dues is the cumulative effect on account of realization from the sale of ethanol as well as sugar and other allied products. As such, the impact of only one component could not be separately assessed.

6.16 The Committee are constrained to note that a total amount of Rs. 11784.38 crore is outstanding as cane price arrears for payment to the farmers. This amount include arrears of Rs. 9443.92 crore, Rs. 325.96 crore and Rs. 2014.49 crore for the years 2018-19, 2017-18 and 2016-17 and earlier years, respectively. The Committee also note that the Government has not been able to enforce the provisions of Sugarcane (Control) Order, 1966. The Committee also note that the increase of blending percentage of ethanol from 5% to 10% into motor fuel as well as fixation of remunerative prices of ethanol produced from different feed stock has also increased the production of ethanol for which mills are getting remunerative price, thereby improving the liquidity position of sugar mills. Despite all such steps taken, cane arrears have not reduced. The Committee, therefore, urge the Government to prevail upon the State Governments/UT Administrations for enforcing the provisions of Sugarcane (Control) Order, 1966 and also to strictly monitor the performance of sugar mills in regard to making early payment of cane price to farmers.

**NEW DELHI;
5 December, 2019
14 Agrahayana1941Saka)**

**SUDIP BANDYOPADHYAY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.**

Confidential

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2019-20) HELD ON TUESDAY, 22 OCTOBER, 2019

The Committee sat from 1500 hrs. to 1700 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Ms. Pratima Bhoumik
3. Smt. Pramila Bisoyi
4. Shri Rajendra Dhedya Gavit
5. Shri Bhagwant Mann
6. Shri Khagen Murmu
7. Shri Mitesh Rameshbhai (Bakabhai) Patel
8. Shri Subrat Pathak
9. Shri Saptagiri Ulaka
10. Shri Rajmohan Unnithan

Rajya Sabha

11. Shri K.G. Kenye
12. Shri Rajmani Patel
13. Shri Sakaldeep Rajbhar

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

List of Witnesses

SI No.	Name	Designation
Department of Food & Public Distribution		
1.	Shri Ravikant	Secretary
2.	Shri Dharmendra	AS & FA
3.	Shri Edwin Kulbhushan Majhi	AS (Storage & PG)
4.	Shri M.K.Anand	Principal Adviser (Cost)
5.	Shri Pramod Kumar Tiwari	Joint Secretary (Policy & FCI)
6.	Shri Suresh Kumar Vashishth	Joint Secretary (Sugar & Admn.)
7.	Shri Kamal Datta	Joint Secretary (Impex & IC)
8.	Shri S. Jagannathan	Joint Secretary (BP&PD)
9.	Ms. Manisha Sensarma	Economic Advisor
10.	ShriMohamaad Hanif	Advisor (Cost)
11.	Shri Gautam Talukdar	CCA
12.	Shri Makarand Phadke	Dir (S&VO)
13.	Smt. Hema Jaiswal	Dir. (Finance & Budget)
14.	Shri Dinesh Kumar Gupta	Dir. (PD)
Food Corporation of India		
15.	Shri D.V.Prasad	CMD, FCI
16.	Shri Piush Kumar Gupta	CVC/ED (Vigilance/A&R)
17.	Shri Daljit Singh	ED (T/S&C/IE)
18.	Shri B.S.Mohapatra	ED (Finance/FAP/CPF/Cost/Law/IA &PV)
19.	Shri Ajay Kumar	ED (IA)
20.	Ms. Seema Kakar	ED (Purchase/Security)
21.	Shri C.L.Ram	ED (IR-L/IR-S/Hindi/Coord/P&R)
22.	Shri Sudeep Singh	ED (QC/I&E/Silo/Engg)
23.	Shri Ravinder Pal Singh	ED (Procurement/Sales/I&E/Int. Coop)
Central Warehousing Corporation		
24.	Shri Arun Kumar Shrivastava	MD
25.	Shri R.K.Sinha	Director (Personnel)
26.	Shri Narinder Kumar Grover	MD, CRWC
27.	Shri Savari Muthu Charles	Director (Finance)
Warehousing Development Regulatory Authority		
28.	Shri Petluri Shrinivas	Member, WDRA
29.	Shri T.K.Manoj Kumar	AS, WDRA

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the Demands for Grants (2019-20).

[The witnesses were then called in.]

3. The Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them about Direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Hon'ble Chairperson in his welcoming remarks requested the witnesses to elaborate on the various issues such as Construction of Godowns by FCI/State Governments, Assistance to Warehousing Development and Regulatory Authority, Strengthening of PDS Operations, Creating awareness amongst TPDS beneficiaries, Quality Control Mechanism, Financial Assistance to States/UTs Food Commissions for Non-Building Assets, Functioning of the Department including the problems, if any, in implementation of various schemes including subsidy for foodgrains to FCI, Decentralized Procurement Scheme, etc. Then, the representatives of Department of Food and Public Distribution with the permission of Chairperson made a power point presentation highlighting functions of the Department, Major provisions of Demands for Grants (2019-20) of the Department including Highlights of Budget 2019-20, Detailed allocation to various schemes, Procurement of foodgrains, Storage and Transportation, Public Distribution, Responsibilities of Centre and States under NFSA, Budget allotment in Sugar Sector during 2019-20, etc. The Secretary and other representatives of the Department addressed to the issues raised by the Hon'ble Chairperson in his opening remarks. The issues raised by the Hon'ble Chairperson were further supplemented by the members of the Committee.

4. The Committee then held detailed discussion on the following issues:-

- (i) Procurement, Storage and Distribution of foodgrains and problems related to storage and steps taken to improve procurement system;
- (ii) Minimum Support Price of Wheat and Rice;
- (iii) Role of middleman in procurement of wheat and rice;
- (iv) Self sufficiency of India in foodgrains production;

- (v) Various issues related to FCI viz, outstanding dues of FCI, loan liability etc.
- (vi) Storage, Transit/Pilferage losses.

The queries raised by the Chairperson and the Members on the various issues during the course of discussion were responded to by the representatives of the Department.

5. The Chairperson directed the representatives of the Department of Food and Public Distribution to furnish written replies to the queries raised by the Members, which could not be responded to during the sitting of the Committee.

6. The Hon'ble Chairperson then thanked the Secretary and other representatives of the Department of Food and Public Distribution for their free and frank discussion.

[The *witnesses* then *withdrew*.]

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2019-20) HELD ON THURSDAY, 5 DECEMBER, 2019

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Smt. Pramila Bisoyi
3. Shri Anil Firojiya
4. Shri Rajendra Dhedya Gavit
5. Shri Khagen Murmu
6. Shri Subrata Pathak
7. Smt. Himadri Singh
8. Shri Ajay Misra Teni
9. Shri Saptagiri Ulaka
10. Shri Rajmohan Unnithan

Rajya Sabha

11. Smt. Shanta Chhetri
12. Shri K.G. Kenye
13. Shri Rajmani Patel
14. Shri Sakaldeep Rajbhar
15. Shri Amar Shankar Sable

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

XXXXXXXXXXXX

XXXXXXXXXXXX

XXXXXXXXXXXX

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Reports on Demands for Grants (2019-20) relating to the (i) Department of Consumer Affairs, and (ii) Department of Food and Public Distribution, under the Ministry of Consumer Affairs, Food and Public Distribution.

XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

3. XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

4. XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

5. Thereafter the Committee took up for consideration the Draft Report on (i) XXXXXXXXXXXX XXXXXXXXXXXX; and (ii) The Demands for Grants (2019-20) of the Department of Food & Public Distribution. After brief discussion, the Committee adopted the Draft Report without any amendments/modifications.

6. The Committee then authorized the Chairperson to finalize the aforesaid Draft Report in the light of verbal and consequential changes and also in the light of factual verification from concerned Department and also present the same to Parliament during the current Session.

7. XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX
XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

The Committee then adjourned.

XXXXXXXXXXXX Matter does not relate to the Report.